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Are Your Products Relevant?

by

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In a recent editorial in *The Fruit Grower News* (August 2000), publisher Matt McCallum challenges the apple industry to make radical changes to adapt to new market conditions. He points out that the potato industry, facing similar challenges, responded by trying to make itself relevant to today's consumers. He quotes Tim O'Connor, president of the National Potato Promotion Board, "The future of the potato industry will be determined by how relevant our products remain to the consumer." The apple industry, as well as many other agricultural producers, would do well to take a tip from their potato-growing brethren.

Across the country, apple growers know that change is needed. They face a difficult set of challenges: sustained low prices, slow growth, stagnant per capita consumption, and heightened global competition. Bargaining power is being lost to increasingly strong and consolidated retail chain customers. Processing markets are particularly challenging as low-price juice foreign concentrate has dropped the market's floor price level. These pressures are not unique to the apple industry. Producers of other agricultural products can relate to many similar concerns.

The question of whether products are relevant to today's consumers is one of the most important questions that producers can ask. Most agricultural producers operate in mature markets, and the maturity of these markets requires shifting from a focus on selling to a focus on fulfilling consumers' needs. New product development is an important part of making products relevant to consumers. It is a risky, but often a necessary, step in revitalizing a mature industry.

Current research at Cornell University aims to assist the apple industry in stimulating product innovation and market expansion for processed apple products. As a part of this research, in June, several

New York processing apple industry leaders attended a workshop focused on new product development. The daylong session led to a number of lessons learned about the innovation process.

First, new products must stimulate a consumer to take the risk of purchasing them. To do so, new products must appeal to basic consumer motivators. Today's top consumer motivators are:

- Convenience: Consumer's need for more time drives the purchase of on-the-go foods, meal solutions, and functional packaging.
- Wellness: Fears about aging, declining health, and medical costs drive consumers to prevent and self-treat health problems with food and beverage products that offer health benefits.
- Food quality and safety: Consumers are drawn to products that offer quality assurance and reliable food safety.
- Gratification: Disposable income levels have been rising in the current strong economy, and consumers are seeking indulgence for themselves and their kids. They are drawn to buy gratifying products that taste good and offer the feeling, "I'm worth it."

Second, innovation is a key to success. The workshop was held in a unique facility that has a collection of over 65,000 products from the past thirty years. The workshop facilitators offered stories about why various products failed in the market. They emphasized that the biggest reason for product failure is a lack of innovation. "Me-too" products that imitate other products frequently fail.

Third, there is much to be learned from both the successes and failures of products in other categories. The workshop facility provided a rich environment for stimulating creative thoughts because there was so much information that could be gleaned from other product categories. Ideas for packaging, positioning, flavors, colors, and features can come from what appear to be completely unrelated products. And the mistakes of others provide ample opportunity to learn what not to do.

Moving forward, this research project will try to integrate these lessons into the process of evaluating new product ideas for the processed apple industry. While this research can help, alone it will not make apple products relevant to current and future consumers. Keeping any agricultural product relevant requires investment in continuous innovation. Whether you're in the apple industry, the potato industry, or any other agricultural industry, a commitment to innovation, driven by the goal of fulfilling consumer motivators, is critical to success in today's markets.