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## **Notes from Farm to Fork: Innovation in the Chicago Food Industry April 2009**

### **Introductory Panel – New Growth Trends in the Food Economy**

1. There has been a gap between agriculture and food production. Consumers increasingly want to know what is in the products they're eating and where they come from.
  - a. Corollary 1: Because Americans have lost trust in their food, they are looking for a "face" and more accountability from manufacturers, for example, the Velasquez family of Azteca Foods or the Schulman family and their Eli's Cheesecakes.
  - b. Corollary 2: There is an increased opportunity for companies to tell their stories: One flour company's site has a way for you to actually see the field in which the wheat was grown for your batch of flour
  - c. Corollary 3: China is trying to buy US ingredient companies, in order to mask Chinese-made ingredients by passing them through the US companies
2. Retailers are looking for ways to excite their consumers as a way to differentiate themselves.
  - a. They're looking to smaller food companies to provide the innovation and new news no longer consistently provided by the new products from larger, more established companies.
3. To gain a better understanding of the European shopper's Private Label experience, shop in Trader Joe's
  - a. When there, notice the mix of branded products versus Trader Joe's Private Label.
  - b. Aldi, a German retailer, owns Trader Joe's.

### **Lunch Keynote – Tom Parkinson, Founder of Peapod**

Tom was a great speaker, and he provided insights into Peapod and how it's evolving to remain aligned with customer trends.

1. Peapod has a "Nutrifier" tool which helps customers sort on foods that meet specific nutritional parameters such as dairy-free, egg-free, Weight Watchers, etc.
2. In the spirit of being more local, the "Chicago's Best" program is in development. Some of Chicago's popular restaurants will package some of their customers' favorite foods for distribution by Peapod

3. Peapod shopper behavior:
  - a. After the first order, most Peapod customers go to “My List”, so it’s very hard to get them to see new things the way they would if they were shopping the aisles in a grocery store
  - b. The average Peapod shopper’s basket is worth \$165 versus \$25-30 for a conventional retail store
  - c. Peapod shoppers have access to 10,500 sku’s versus ~40,000 in the typical grocery store.

### **Panel: Ingredient Innovation**

1. Natural Ingredients
  - a. Adding the word “natural” to a product description typically increases its sales by 5-10%
  - b. European have a hybrid designation called “Nature Identical”
    - i. Wikipedia definition: *Nature-identical flavoring substances*: Flavoring substances that are obtained by synthesis or isolated through chemical processes, which are chemically identical to flavoring substances naturally present in products intended for human consumption. They cannot contain any artificial flavoring substances.
2. Consumers are continuing to become more educated about the foods that they eat
  - a. Social networking has been a boon for people with special food needs or concerns. For example, sites where people can discuss gluten-free and learn from others are proliferating.
  - b. As people become more adventurous, manufacturers are helping ease the transition to less familiar ingredients by anchoring them with the more familiar, a la pomegranate blueberry.
  - c. “Made in America” is becoming an important designation for food.
3. Food manufacturers are beginning to embrace an Open Innovation model.
  - a. Collaboration with suppliers is helping manufacturers dramatically increase their speed of innovation and time to market

### **Panel: Getting on the Shelf**

1. Imagine a world where a grocery shopper could “see” a rating for a food’s nutritional value or a paper goods’ “green-ness” just by looking at it.
  - a. Watch the video about Sixth Sense, presented at this year’s TED:  
[http://www.ted.com/index.php/talks/pattie\\_maes\\_demos\\_the\\_sixth\\_sense.html](http://www.ted.com/index.php/talks/pattie_maes_demos_the_sixth_sense.html)



- b. This is especially relevant as 70% of product purchase decisions are made in the store
- 2. Showing a picture of the cookies on their packaging increased sales by 300% for Crummy Brothers
  - a. See the package here: <http://www.crummybrothers.com/>
- 3. Entrepreneurial food brands are looking to spend between 25 and 40% of revenue on marketing, depending on how aggressive their growth targets are.