

# Lead user approach – Alce Nero innovative solutions for Short Food Supply Chains

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<b>Dissemination Level</b>		
<b>PU</b>	<b>Public</b>	
<b>PP</b>	<b>Restricted to other programme participants</b>	
<b>RE</b>	<b>Restricted to a group specified by the consortium</b>	
<b>CO</b>	<b>Confidential, only for members of the consortium</b>	

**1. Title of the case description**

Lead user approach - Alce Nero

**2. Indicate your role in the Smart Food Supply Chain:**

- individual member of the chain:
- chain operator:
- network operator:
- association:
- technical, scientific, or management expert:
- advisor:
- policy maker:
- other: .....

**3. Indicate the region (if applicable):** Bologna, Italy

#### 4. WP2 Cross-reference table

Please indicate with an X in the relevant box of the matrix for which needs and the steps / functions of the supply chain the described innovative solution is applicable

		Individual steps of the SFSC							Short food supply chain as whole						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Needs of the consumers (citizens)	food safety														
	food quality														
	trust														
	ethical aspects														
	accessibility														
Needs of the chain actors	fair price														
	increased negotiating power														
	shared use of available resources														
	product development support														
	access to markets and consumers														
	access to infrastructure														

- 1: Farming**
- 2: Primary production**
- 3: Transport**
- 4: Processing and packaging**
- 5: Storage**
- 6: Logistics**
- 7: Sale**
- 8: Product integrity, authenticity, transparency**
- 9: Marketing concepts**
- 10: Food chain management and networking for enhancing cooperation among chain actors**
- 11: Business modelling**
- 12: Policy environment**
- 13: Legal requirements**
- 14: Labelling**

## 5. Short description of the innovative solution

- **Describe the specific need or problem being addressed by the case and please explain what is the novelty of this innovative solution**

From a marketing point of view, the following problems exist:

- The company intends to offer two new products (einkorn and hay milk), but it is not clear whether there is any demand for such products on the market.
- Moreover, the products in question are of high quality at a corresponding price. Therefore, the willingness to pay is also of relevance.
- For the introduction of new products, typical market research would be common, but the company lacks the financial resources for a large scale market research study.

Innovative solution: lead user approach

A method to discover or investigate new trends is the lead user approach. Lead users are users whose needs are ahead of the demand of the mass market and therefore able to identify needs today that will play an important role in the mass market in the future. This concept is often used to for new technologies, but could be adopted for food products.

- **Describe the enabling function(s) and the practical benefit(s)-(e.g. for which types of problems and opportunities is used and can it be used, and how)**
  - The benefits of the lead user approach include the acquisition of practical and applied knowledge and thus, facilitates the development of customer-oriented and market-oriented products. Consequently, less successful products and flops should be prevented from the outset.
  - It has been demonstrated that by integrating customers into the product development process, suppliers have been able to minimize manufacturing and sales risk, better understand the market and develop a sustainable relationship with these customers.
- **Describe the method/procedure/technology/solution implemented. (Please explain, whether the innovative method is a product / service / process / marketing or organisational / management innovation) After completing the description, please indicate, whether this innovation is a technological or non-technological one.**

Lead user approach process steps:

1. Forming an internal project team

The first step is to assemble an internal project team. The team should be as interdisciplinary as possible so that trends and needs can be viewed and assessed from different perspectives.

2. Identifying trends through experts

The team is faced with the task of finding out as much as possible about the search field by means of intensive research and consultation with experts. The aim is to track down important trends in order to gain suitable indications for the search for the most suitable lead users.

3. Find Lead Users

The lead user must be one step ahead of the mass market in terms of his needs and level of information. The lead user himself must benefit from the innovation that needs to be developed.

4. Develop concepts

If the search was successful, the planning and implementation of the actual idea generation can begin. As a rule, this takes place within the framework of one or more workshops with employees and lead users. For this it is necessary to create the necessary prerequisites in advance. This includes, among other things, preparing an appreciative and motivating environment and clarifying the legal framework in advance, for example by means of a non-disclosure agreement and the assignment of exploitation rights. The result is more or less finished concepts that have to be taken up and refined within the company. Finally, however, it must be checked whether the concepts developed by the lead users will also be of interest to the average customer.

→ Please note: Since this approach comes from the context of technical product development/marketing, the concrete implementation has to be adapted to a food product context! This might also be true for some terms used in this descriptions.

technological

non-technological

- **Describe the business, which implemented the innovated solution (size, country, region, location, type of food)**

The lead user approach is often used in the technical field to develop new innovations. The method is also suitable for the evaluation of developed products. The application of lead users is also possible in the food sector.

- **Describe the distribution channels of the product(s)**

The lead user approach can be applied independently of the distribution channel.

- **Describe what makes the innovation work.**

The most important thing is to find people who fulfil the lead user characteristics.

- **Describe the specific prerequisites for the business related to the implementation of the method and/or related to the location, method, procedure, solution**
  - a: **List the relevant necessary resources (including the estimated cost) for the specific innovation.**  
**Please list the relevant ones only (list is annexed)**

Human: As in the case study, a product idea exists and needs to be evaluated, the appropriate lead users are needed. These can be generated from the existing customer base. Thus, the search for the lead users and the payment of these would be incurred as costs.

financial: estimated cost:  
0 - 10 000 Euro

- b: **List the relevant necessary capabilities for the specific innovation.**  
**Please list the relevant ones only (list is annexed)**

- Access to consumers (who ideally have a high level of expertise.)

## **6. Describe the results, achievements and typical failures**

Results, achievements: Using the lead user approach, conclusions can be made based on the opinion of few people for a larger number of customers.

Typical failures:

- One of the disadvantages of the lead user concept is the identification process of the lead user. This is time-consuming and there is a risk of incorrect identification of lead users.
- There is also the danger of opportunism, i.e. to obtain information from others under exploitative aspects.

## **7. Summarize what makes the case to a good practice for the members of the SFSCs (e.g. lessons learned)**

Basically, an insight into the market is needed here. This can be achieved through classic market research (i.e., surveys and studies about consumers) or competitor analysis. Another option is a qualitative analysis of a few people who represent a large

number of customers. In this case study, there are two ideas for new products (i.e., einkorn and hay milk). A survey of lead users would be an innovative way to gain a cost-efficient insight.

#### **8. Aspects, methods for transfer of methods for other SFSC members**

This approach is suitable for every actor in a SFSC who is marketing its products to the final customer.

#### **9. Recommendations for members of other SFSCs for further applications**

Depending on the budget and the specific problem, the whole process of the lead user approach can be transferred to other SFSCs.

#### **10. More information is available at (web), if it is relevant**

<https://www.lead-innovation.com/blog/ablauf-lead-user-methode>

<https://wikis.fu-berlin.de/display/sesosezwoelf/Lead-User-Ansatz>

<https://www.rkw-kompetenzzentrum.de/innovation/blog/die-lead-user-methode/>

## **Annex**

### - **Checklist for necessary resources** **(tangible and non-tangible):**

- materials (access to: raw materials/ ingredients - including volume, land – including size, packaging materials)
- human: labour force: size, knowledge & skills (production, technical, marketing, managerial, ICT, financial, etc.)
- technology: patents, know-how, trademarks, copyrights, trade secrets
- infrastructure, equipment, facilities, - size, minimum volume of production/sales, IT infrastructure
- information, reputation, brand, trust
- financial\*

\*: estimated cost:

- 0 - 10 000 Eur
- 10 001 - 50 000 Eur
- 50 001 - 100 000 Eur
- 100 001 - 300 000 Eur
- 300 001 – 1 000 000 Eur
- 1 000 000 Eur above –

- other specific necessary resources for the application of the specific innovation

- **Checklist for the necessary capabilities**

- **food safety:**
  - basic skills to comply with the EU food safety regulations
  - ability to understand what makes the product safe (the key controls, which ensure the safety of the product – biological, chemical and physical hazards, providing the safety shelf life of perishable products)
  - food safety culture (motivation, responsibility for food safety) and basic skills for the implementation of HACCP
  
- **food quality:**
  - ability to define the target segments of consumers for SFSCs
  - ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;
  - ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers;
  - food quality culture (motivation, responsibility for food quality);
  - production experiences which help to provide the expected quality reliably, uniformly;
  - ability to provide distinguishable quality which meets the needs of the targeted consumer segment;
  - meeting (local) legal requirements, application of the labelling rules;
  - ability to access the consumer willingness to pay for specific products of SFSCs.
  
- **trust:**
  - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
  - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
  - application of the labelling rules and branding (mandatory and voluntary);
  - ability to meet third party certification requirements
  
- **ethical aspects**
  - ability to understand consumer needs for ethical behaviour related to the specific product(s) of the SFSCs;
  - culture for ethical food production and supply;
  - ability to implement necessary measures to ensure ethical food production and supply;
  - ability to access the consumer willingness to pay for products meeting ethical aspects
  
- **accessibility to consumers:**
  - ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
  - efficient, innovative sales methods;

- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;
- **fair price:**
  - collecting marketing information;
  - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management;
  - ability to define, develop or maintain unique quality of products and augmented services;
  - ability to develop and implement new business models;
  - ability to access the consumer willingness to pay for fair price
- **increased negotiation power:**
  - collecting marketing information;
  - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
  - ability to define, develop or maintain unique quality of products and augmented services;
  - ability to develop and implement new business models;
- **shared use of available resources:**
  - ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
  - the level of value chain management culture;
  - ability to access the consumer willingness to pay for food with reduced environmental impacts

- **input for R+D:**
  - ability to monitor, research, evaluate, and understand the needs and wants of customers and consumers;
  - ability to develop new products, processes, packaging, preservation techniques, systems and access to new markets, including in other categories;
  - access to innovative technologies; distribution and marketing solutions and methods. management systems;
  - access to local input for R+D covered by other aspects
  
- **access to markets: and market success**
  - effective promotion, customer service, efficient and innovative sales methods;
  - ability to understand consumer's needs;
  - ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
  - unique value propositions;
  - ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.
  - stock control;
  - ability to access to required raw materials within a restricted geographical area
  
- **access to infrastructure:**
  - ability to use existing own infrastructure in a focused way to serve consumer needs or to combine it with complementary infrastructures of other SFSC actors, cooperation culture;
  
- **management:**
  - to implement management systems for vision, planning, implementing), coordinating, controlling, monitoring, continuously;
  - improving; ability to motivate, authorize staff;
  
- **production, processing:**
  - management system, production experience, specific controlling, monitoring, continuously;
  - willingness to consider and ability to evaluate the adoption of TECI and NTI in the current production processes;
  - any additional specific resources necessary for the application of the specific innovation.