

Chapter 1

Introduction

If economic returns are to be realised from agricultural production, the development of the agro-industry sector as well as commercial farming and related agricultural enterprises is important in all countries. Although many of the challenges differ between highly sophisticated agrifood systems and those of less sophistication, it is notable that the need to innovate is common to all. Recent trends in agrifood systems are demanding that farmers, produce traders, agro-processors, and other stakeholders improve the efficiency of their operations and be more responsive to consumer demands as well as regulatory frameworks.

In the food industry, just as any other industry, product and process development is considered a vital part – indeed the lifeblood – of smart business strategy. Failure to develop new and improved products relegates firms to competing solely on price which favours the players with access to the lowest cost inputs (land, labour etc). Adopting a low cost strategy can have unexpected consequences for the economy as a whole when another country, which has a lower cost structure, enters the market.

Consumers' demands keep changing over time. These changes range from basic considerations such as improving food safety, shelf life, and reducing wastage, to demands for increasingly sophisticated foods having special characteristics in terms of nutritional value, palatability, and convenience. The actual product development process is determined by the interaction between consumer expectations and demand, the technical capacity of the food producer, and emerging knowledge from food science research.

OUTLINE OF THIS PAPER

The purpose of this paper is to provide a background context to discussions that will define further work in the area of agrifood system innovation. It has been developed through literature searches and informal discussion with individuals experienced in the food industry. The paper is presented in three parts. It begins by looking at product and process development in the food industry, then moves to examining the economic impact of food product innovation, then a number of case studies are presented and briefly discussed.

A discussion on innovation, in particular food product innovation, and its place in business and society mandates a clear understanding of its meaning. Therefore the paper begins by defining innovation in the food industry and recognising that there is a need to classify new food products based on the degree of innovation present. The benefit of applying a managerial approach to product development at a company level is then considered and the different systematic processes used to develop products and processes satisfying a consumer need are described.

The economic impact of food product innovation and increased food processing, or adding value, is then described in a small number of countries. A sample of case studies is presented to highlight the benefits of successful food product innovation. The paper concludes with a discussion of food product innovation in an attempt to identify the key thrusts of future work.

