

DDIM.

fachgruppe

Food

Summary

"Survey of digitization in food industry"

Survey design

The food competence group of DDIM has conducted an anonymous survey on the topic "Digitization in the food industry". Overall, 350 decision makers of the food industry in Western Europe were invited to participate in the survey. The link to the online questionnaire was sent by E-Mail. The survey took place from May until July 2017. It was online available in German and English language. 78 of target persons answered the questions.

Way of Evaluation

Assumption: The scale items are interval scaled. An equal distance between the valuation steps is assumed.

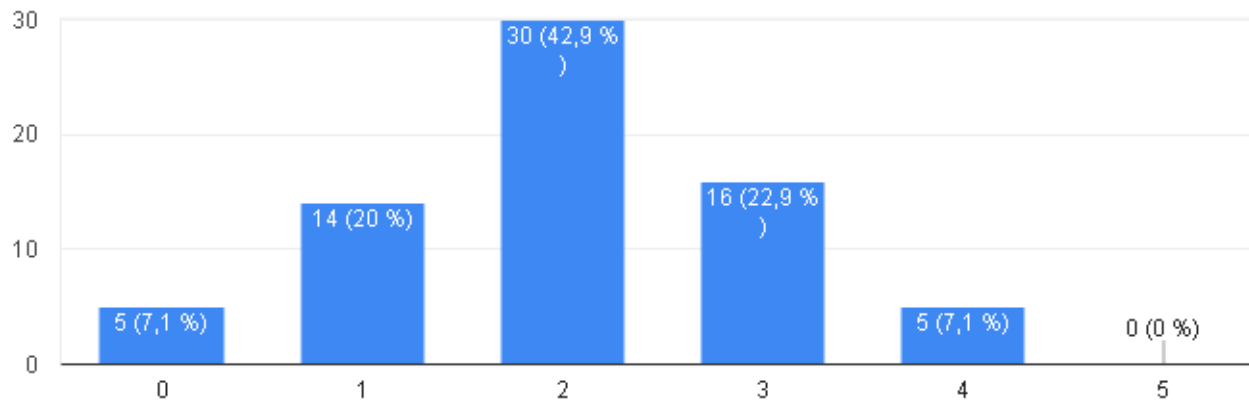
Method: The answers are weighted ascending with the numerical values of 0 to 5. After that, the arithmetic mean is calculated.

$$\bar{X} = \frac{(0*x1)+(1*x2)+(2*x3)+(3*x4)+(4*x5)+(5*x6)}{N}$$

Example of Evaluation

People in our company – the way they think and act – are prepared very well for the digital world

70 Antworten



$$\frac{(0 * 5) + (1 * 14) + (2 * 30) + (3 * 16) + (4 * 5) + (5 * 0)}{70}$$

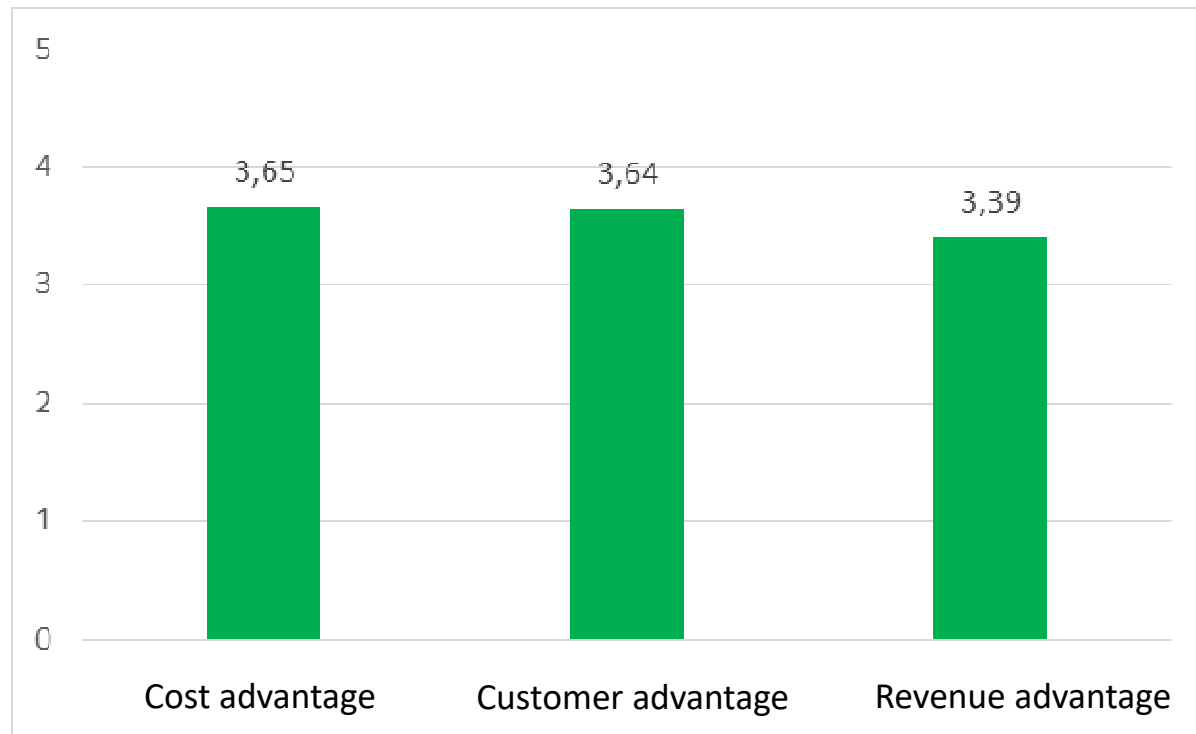
$$= 2,05 = \bar{X}$$

absolutely not true

fully true

Results

For the food industry, I see the following competitive advantages by digital processes:



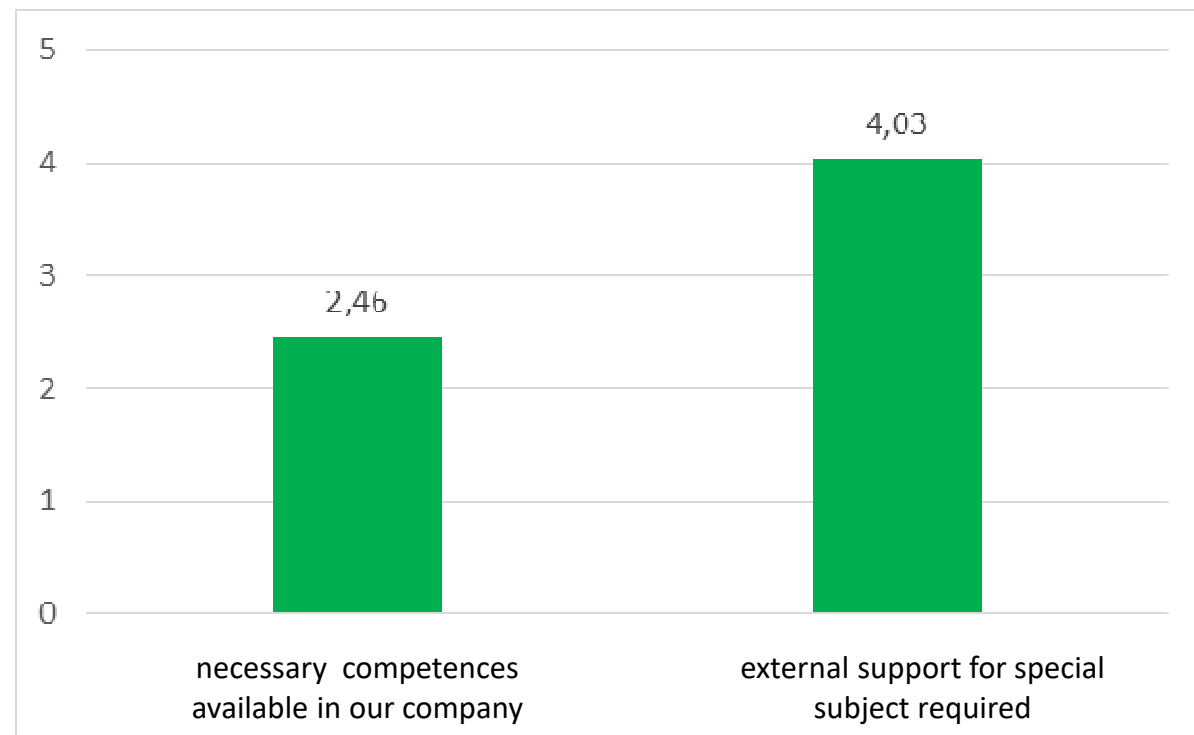
Thesis

Significant service and cost advantages arise for the customer. The direct generation of cost benefits and additional business in the company seems, however, more likely to play a minor role for the decision makers.

It needs to be further investigated what options the decision makers of the food industry see to capitalize on the advantages created for their business partners.

Results

If I consider digitization...

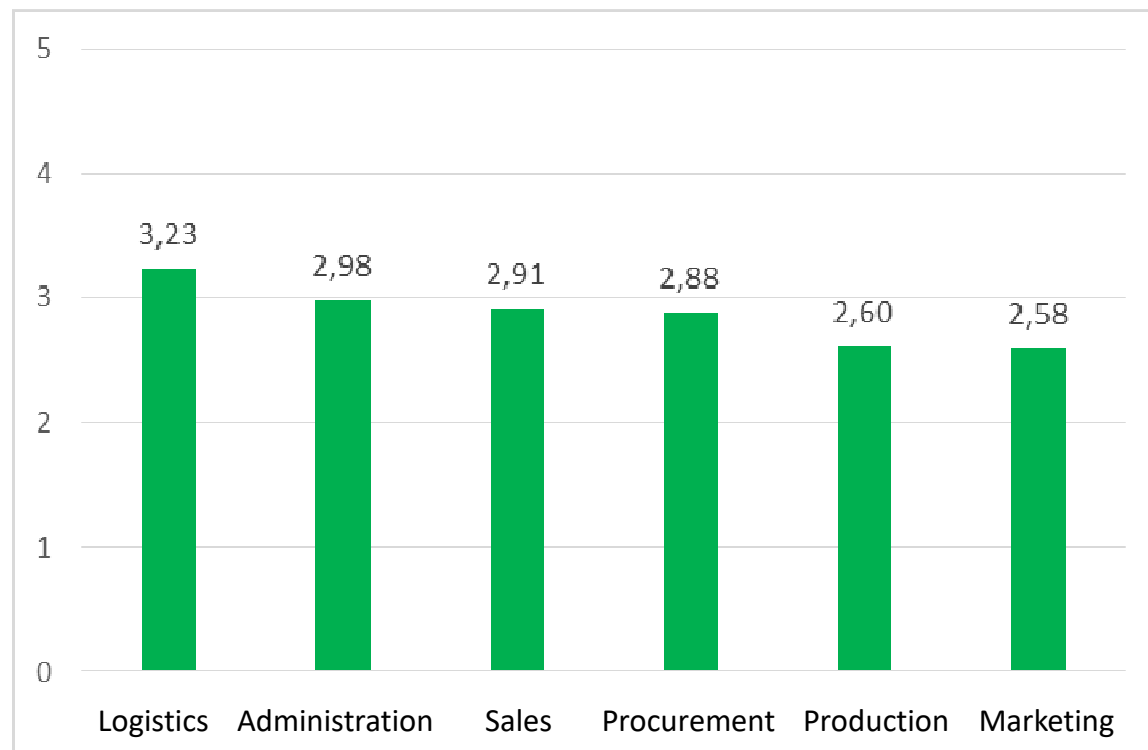


Thesis

The majority of decision makers sees insufficient skills for the future of digitization within their own companies. Know-How transfer is required. This provides a great opportunity for interim managers and consultants to assist in acquiring the expertise. Only 21% of all decision makers believe that their in-house resources are sufficient.

Results

The following business processes are already extensively linked in our company:



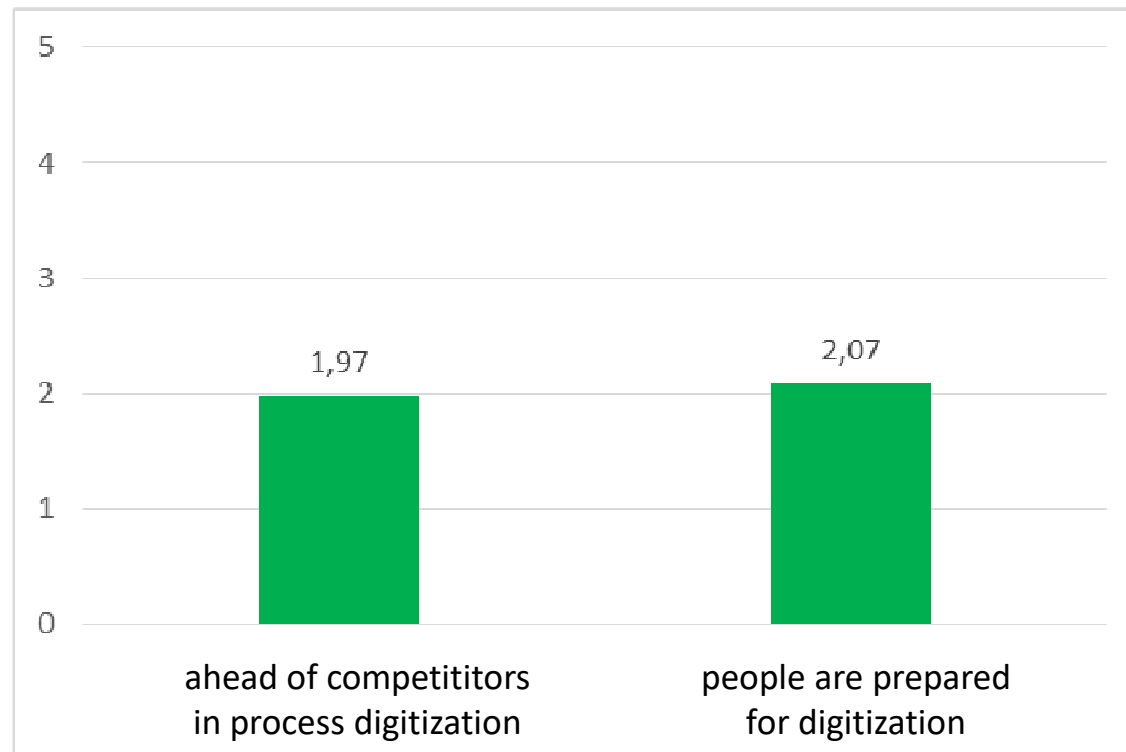
These

No decision maker sees his company fully digitally networked. The networking is "Best" where it is de jure or de facto necessarily needed (HR, finance, taxes, as well as sales & logistics). There are partial solutions. Strategic pillars of value creation, which should be a priority for the company's future, are mostly not well networked (production / marketing).

The networking of business processes tends to be rather addressing external and legislative requirements than a vision on the future of the business.

Results

The environment and people:

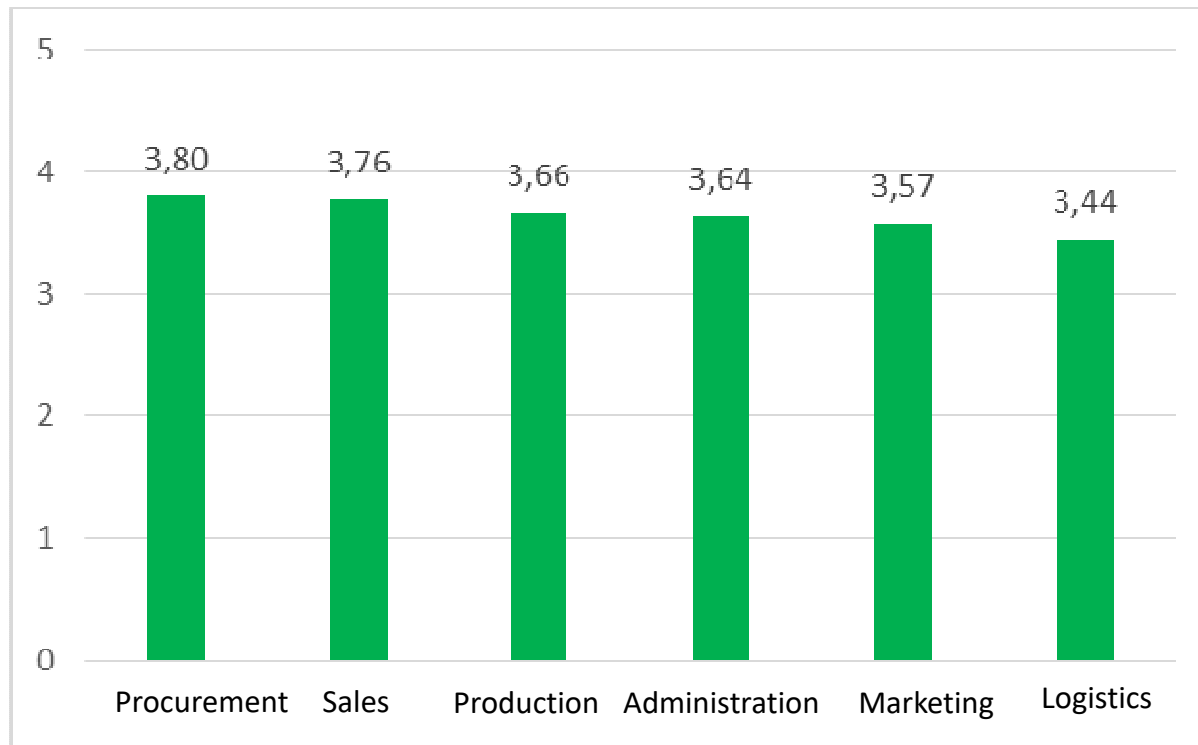


Thesis

The decision-makers believe that neither the people, nor the processes in their company are prepared for the digital future .

Results

In the following areas, I see potential for improvement in the digital infrastructure of our company:

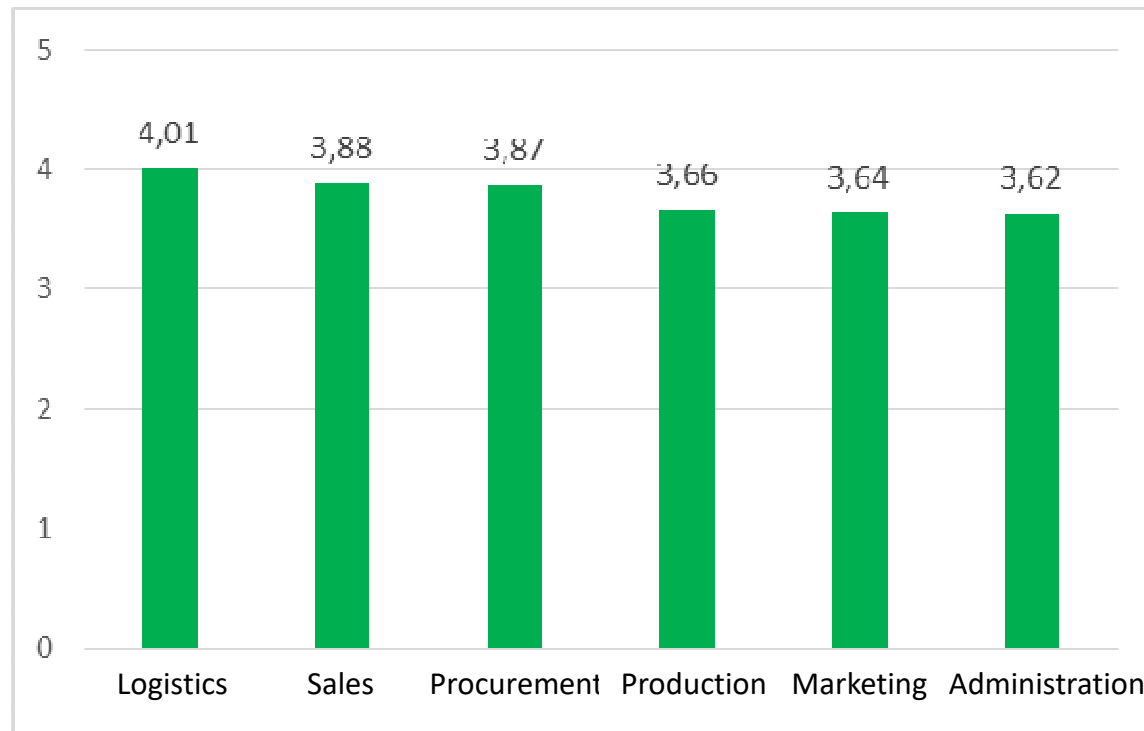


Thesis

The decision-makers see the likely potential in areas, which are the least networked (production, purchasing, sales) so far. In this respect there is congruence to the statements in chart 9. It seems that the food industry, compared to other industries in terms of digital transformation, has still a significant backlog.

Results

In the following areas, I expect a significant benefit by further digitization for our company:

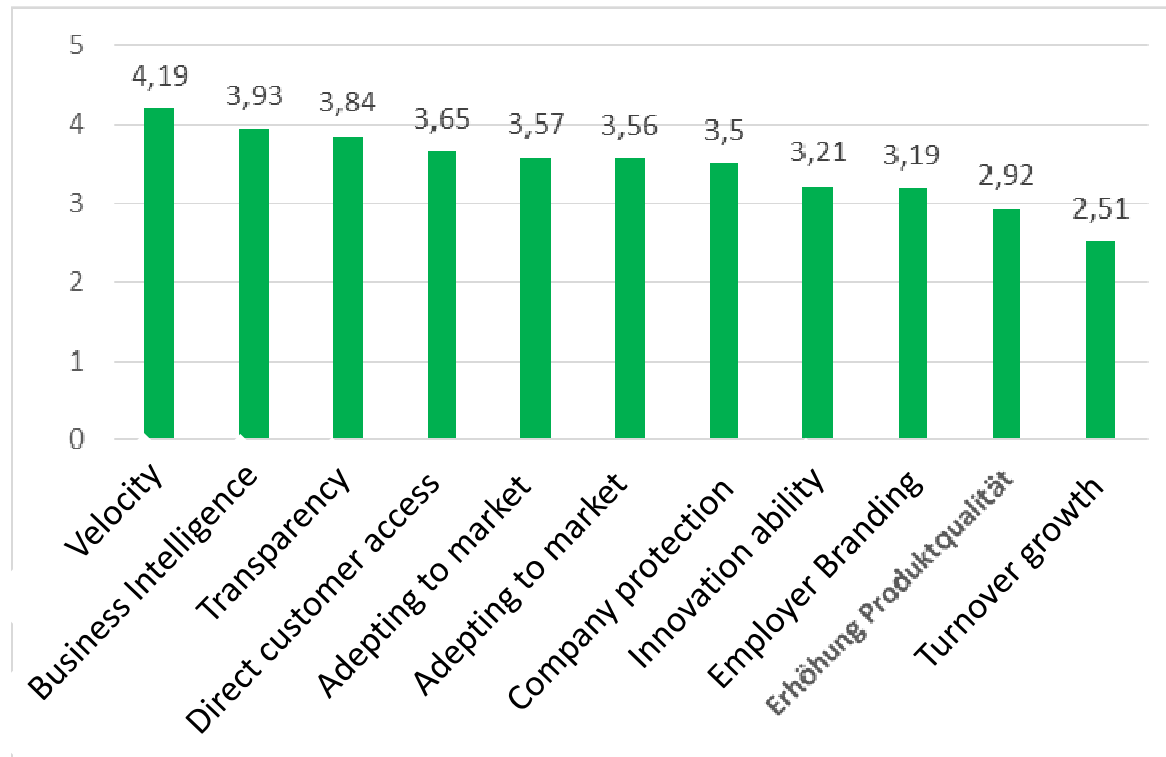


Thesis

Although digitization in the functional departments show different grades of maturity, a great benefit is seen by the decision makers in further digitization within all of them. This means: digital networking is important and priority, however it is still immature.

Results

Regarding further digitization I see a following advantages for our company:



Thesis

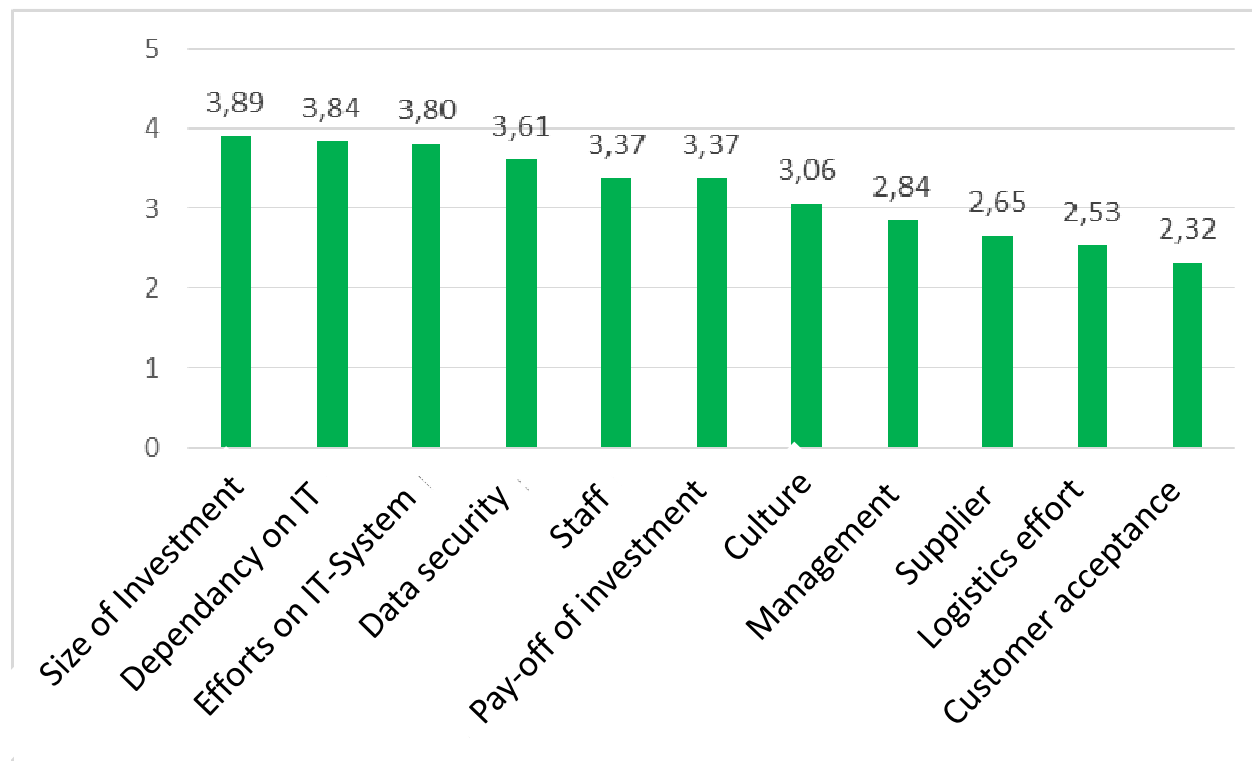
Due to digitization in the food industry, the customer can expect higher transparency and better service. The company itself is benefitting of the digitization only in the long term and only subsequently.

The decision makers recognize the strategic advantages of digitization in a changing market. They want to go to the market, directly to the customer, quickly and with the help of business intelligence and transparency. Revenue growth and digital business models play only a subordinate role.

It remains unclear why decision-makers seem to rather expect direct access to and better service for the customer, than to work on the more direct benefits of growth / savings / efficiency for themselves.

Results

For our company I see the following obstacles and risks of further digitization :



Thesis

In the results, a certain skepticism about the benefits of digitization seems tangible. This could be triggered by the idea that “profit and benefit” will support rather the customers than the own company.

In other words: Who is the main beneficiary of digitization in the food industry?

Thesis

IT investments seem to be the problem of decision makers. Why does cash and IT play such an important role, if on the other hand the benefits of digitization are clearly recognized?

Because the IT service providers will benefit and not the company itself?

Is a missing strategic orientation of decision-makers expressed here?

Because they still don't know what a comprehensive business model should look like after digital transformation will be put into effect?

Recommendations

- Digitization should be a top priority for the CEO.
- Their own employees are best for execution. External Interim Managers could be used to train employees.
- Digitization should be thought from the future. Its benefits come from a holistic perspective and not from a linear development or improvement of individual solutions.
- Digitization should be linked to a discrete corporate vision, because disruption is inevitable.

Feedback received from decision makers

These trends the decision makers still see in the food industry in addition to digitization:

- regionalization, natural and healthy food, sustainability
- personalized products, functional product characteristics, increasing health awareness
- increase in online trading
- increasing health awareness
- industry 4.0 - automation of processes
- it becomes increasingly difficult to make new product ideas successful, especially at the beginning of the life cycle of the product.
- constant tightening of the regulation
- of use of 3D printing technology
- high-value products

Feedback received from decision makers

- staffing challenges: skilled workers and modern executives
- change management, shortage of skilled workers
- verticalization
- the more digitization progresses, the greater is the dependency.
- the problem of lot size 1. How should this work for a food brand? This is a problem for achieving a satisfactory ROI!
- further concentration in retail, loss of product quality with regard to the quality of the ingredients, more disinformation of the consumer, back to old forms of distribution such as regional markets as compensation for online trading and oligopolistic markets.
- ongoing industry consolidation reducing the high number of manufacturers
- knowledge management

Feedback received from decision makers

- RFID chip tracking, cashless payment, intelligent marketing (mobile phone tracking), target promotions
- more articles, smaller lot sizes, more "consumer tailored" article, value of global brands will decrease
- fragmentation / segmentation / efficiency loss
- cost pressure, product requirements increase
- concentration
- stationary trade digs his own grave with continued trade marks extension - it supports E-commerce to get hold of retail growth
- mix outlet and online
- product quality, logistics, consumer information, consumer protection
- shorter life circles of products, customer not brand loyal anymore