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UNISMACK

Greece, www.unismack.gr

From a traditional bakery to a manufacturer of healthy snacks, a family-owned Greek business exploits a lead customer's market knowledge and connects with a local university and another SME to research and develop a successful new product line

Executive Summary

Unismack is a producer of innovative gluten-free snack products (cheese crackers, cheese puffs, lentil crackers and chick pea crackers), founded in 2006 and based in Kilkis, Greece. The company has a global presence exporting almost its total production to international markets (e.g. UK, USA, Australia, Slovakia, Germany, South Africa, Scandinavian countries, etc.). Unismack's focus on innovation, its continuous research and strong R&D capabilities are the drivers behind its offer of healthy, gluten-free snacks with high nutritional value and at the same time tasty. Thanks to several projects and strategic collaborations with universities, SMEs and lead customers, the company successfully launched its snack-to-go range "Tapaz2go", a combination of Mediterranean snacks, lentil crackers and hummus dip sold in one custom-made portable package.

CASE N°: SE37

SECTOR: FOOD & DRINK

TECH INTENSITY: LOW-MEDIUM TECH

LIFE CYCLE STAGE: ESTABLISHED

INNOVATION VECTORS: PRODUCT, SERVICE

OI PARTNERS: PSR, OTHER SME, LEAD USERS/CUSTOMERS

KEYWORDS: Fast-moving consumer goods, food, snack, gluten-free, non-GMO, lead customer

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BACKGROUND

In 1994, George Stratakis opened his own bakery in Thessaloniki, Greece and called it 'CIBUS'. This quickly became the largest bakery in Northern Greece, producing a wide range of goods, including 40 different varieties of bread and retail bakery products, such as the traditional Koulouri of Thessaloniki, breadsticks, cookies and dough products. After completing their studies and gaining work experience in other companies, his sons, Dimitrios and Alexandros Stratakis, decided to build on their family business experience and set up a new company. The new company aimed to seize the growth opportunities offered by the new food industry and consumer behaviour trends, namely the continued rise in healthy, "better for you" and gluten-free products.

In 2006, Unismack, a company producing innovative, tasty, gluten-free snack products, was founded. Some of the key steps in its development required obtaining external know-how for the small-scale production of snacks, as well as working closely with food processing equipment manufacturers to expand and scale up production. Unismack focuses on producing unique, innovative, gluten-free snacks, using quality ingredients of high nutritional value (chick peas, lentils) to turn them into "mainstream" snacks, while at the same time maintaining exceptional sensory characteristics (taste, pleasure).

Today Unismack has a global presence exporting almost its total production to international markets (e.g. UK, USA, Australia, Slovakia, Germany, South Africa, Scandinavian countries, etc.), offering a mix of own brand and private label products. The company's innovation DNA as well as its continuous internal research and development are sealed in the award of Greek, European and US patents both for recipes and production processes.

Unismack is dedicated to innovation and R&D which are embedded in the company's culture and processes. The company also fosters success by developing a propitious environment within the company that encourages staff to develop their skills and to innovate. The company plans to focus on continuous improvement, as well as on developing the options and creating the conditions for both incremental and breakthrough innovation.

INNOVATION CHALLENGE & MARKET OPPORTUNITIES

Unismack S.A. is agile and entrepreneurial by nature, being open to external ideas and ready to exploit any opportunities that might emerge as a result. During a visit to a potential client in the US when a discussion took place about market trends and consumer needs, the idea of a new healthy and tasty snack-on-the-go combination of cracker and dip presented in one portable, easy-to-carry and easy-to-eat package was born. The strategic challenge was to offer the millennial consumer a snack that contained enough calories to be a mini meal replacement (200-300 Kcal), had all the key trendy features (gluten-free, highly nutritional, healthy and natural) and was easy to consume 'on-the-go'.

Following the 'prompt' from the US client, Unismack had to make the strategic decision to proceed (or not) with the proposed new food products. The go/no go decision was strategic for Unismack, so their intuition had to be supported by hard evidence and empirical data. The company carried out market research that confirmed the 'trends' and consumer interest and showed that there was a lack of similar offerings on the market. Market research evidence suggested that the only similar product which was a huge success in the market was with a fresh dip, something that limited the portability and the 'on-the-go' potential of the Stock Keeping Unit (SKU). This was the market opportunity that Unismack S.A. and their partners decided to explore.

OPEN INNOVATION TRAJECTORY

Concept development

Unismack was already producing special crackers (gluten-free, high nutritional value, based on ingredients like lentils). The idea was about developing a shelf-stable healthy snack, combining gluten-free crackers with a shelf-stable Mediterranean dip conceived as a mini-meal solution. The product should have real benefits for the consumer, be suitably packaged and served as a "snack-on-the go", consist of the appropriate quantity of crackers and dip and, of course, at the same time fulfil the consumer's functional (satisfy a craving) and emotional (taste, pleasure) needs.

The development process, IPR and competition strategy

The development process for a food product requires numerous steps: trials, modifications and refinements as well as in-depth market research, where the major challenge is to create the optimum product which can be launched without huge/high risk investment. The potential customer (based in the US) provided information to Unismack regarding the market size, customer needs and desirable requirements for the new product in terms of nutritional information, calories, packaging, net weight.

Unismack searched for local partners who could produce the dip, meeting the quality and gluten-free standards to match their crackers. Two potential producers of dips were identified. Once selected, Unismack, the dip producer and the lead customer worked together on the product design and development, exploring in depth the characteristics that the product and its packaging should have, as well as the potential market size and customer expectations through market surveys.

This was a complicated but necessary process to develop and move from the concept to the final product which required trials, the allocation of resources and investment from all parties, as well as building trust and open costing.

At the same time, as part of its R&D partnerships, Unismack was cooperating with the University of Aegean, where the university team involved was working on a similar idea to develop and submit to ECOTROPHELIA, the European initiative aiming to promote entrepreneurship and competitiveness within the European food industry. They were doing this by implementing a training network of excellence in food innovation and organizing national and European food innovation competitions called "The Student Food Innovation Awards". They joined forces to share additional data and pooled efforts and resources in more targeted market research and worked together on the dip formulation and packaging concept.

Tapaz2go had a unique selling proposition when compared to classic snacks (e.g. crisps, crackers): combining a healthy, gluten-free and GMO-free snack that could be easily carried and was 'shelf-stable'. The ingredients of the product (lentil crackers with a portion of hummus dip) make tapaz2go a mini-meal solution, rather than a meal replacement. The portable package along with a tasty 'shelf-stable' dip meant that the product was easy to carry around. The product is a very good option for consumers who want to take it with them on an excursion, picnic, consume in the

office or elsewhere, without having to put it in a fridge. This also made the product ideal for servicing in space-constrained areas, such as aeroplanes. Nobody else was offering such a unique combination of features in the snack market at that time.

Commercialization and follow-up

The product was launched on the market in 2014 under the brand Tapaz2go/ Wellaby's Chips & Dips Sea Salt Lentil Chips with Hummus Dip - a combination of Mediterranean snack lentil crackers and hummus dip in one portable package, characterized as an easy-to-eat, on-the-go, gluten-free mini-meal offering a nutritional snacking solution to the customer. The concept, which was presented as "Crispy Delight", was awarded 3rd prize in the Greek competition, ECOTROPHELIA 2012 (part of the European students' competition), held by the Federation of Hellenic Food Industries (SEVT).

The positioning of the product however was challenging: it was revealed that Tapaz2go was under-performing in the "snacks" category and did not reach its target customer in an efficient way. Health conscious, weight conscious, gluten-sensitive consumers, people on a special diet or active/healthy lifestyle customers, etc. were not able to realize that the proposition of Tapaz2go was more sophisticated than the average snack product because it was displayed along with the crisps, salty products and crackers. Placing the product in the "deli" category was the key move to fulfil its potential.

Despite taking an open innovation approach to developing a new product, which can be a time and resource-consuming process, no new organizational requirements were needed. As a result of the OI product development process, additional key experts came to reinforce Unismack's R&D team and capabilities, thereby allowing the company to work on several projects at the same time.

The Tapaz2go range has undergone incremental improvements since its launch, such as experimenting with and launching new flavours as well as reformulating the concept to fit new markets and sales channels (e.g. meal service on aeroplanes).

At the time of the interview, Unismack was finalizing an 18-month project for the launch of an innovative, unique, new-generation snack featuring gluten-free, non-GMO and allergen-free ingredients with special nutritional characteristics, offering a healthier and tastier alternative to

potato crisps. This new product range was due to be launched in the UK, USA and Greek market.

BUSINESS IMPACT

The product was successfully launched on the market in 2014 under the brand name Tapaz2go/Wellaby's Chips & Dips Sea Salt Lentil Chips with Hummus Dip. Being able to work with external strategic partners on new product development was a great experience for Unismack. Despite the complicated and challenging nature of OI, this experience became the foundation for implementing more successful and problem-free open innovation projects.

The commercialization phase of a new product can be complicated. The company learned that clear rules (e.g. on pricing, licensing, exclusive agreements) among the parties involved should be laid down in a contractual agreement. The importance of having a project leader was also a key lesson; such a person, who should be part of the commercial partner's team, can set a clear pathway and define the next steps and timelines in a clear and effective way, thereby introducing clarity in grey areas and tackling challenges head on.

Tapaz2go currently accounts for 10% of the company's turnover.

LESSONS LEARNED

Unismack is an innovative SME in the food industry that exports almost all of its production to international markets (e.g. UK, US, Australia, Slovakia, Germany, South Africa, Scandinavian countries, etc.) and has managed to penetrate major retail market chains (e.g. Tesco, Sainsbury, Asda, Wholefoods, etc.) and specialist food stores as well as selected sales points (e.g. Marks & Spencer in the UK). Its strong outward looking character, combined with a good financial track record down the years, an internal R&D department (Greek and US patents) and key collaborations with academia, key customers and other SMEs, either for process or for product innovation, resulted in a successful new product range.

Main lessons learned:

1. Open innovation is a complicated process that requires an open-minded partnership among the parties involved. Trust is hard to achieve but necessary: it either exists or it is built by creating the right conditions whereby parties are unable to harm one another.
2. Understanding the rationale for cooperating with others - such as understanding your partners' motives, identifying early on the interdependencies and capabilities of one another as well as the expected benefits for each side is a starting point for formulating and aligning a common vision. It is a key ignition spark for OI and shapes the depth and breadth of the co-operation with others.
3. The output of the open innovation partnership, the innovation process and market launch actions must match the commercialization process (offer the right product to the right customer through the right sales channel at the right price). If you are the commercial partner in an OI partnership, you should always keep your focus on having an end product with strong commercial/market features (no matter how big or important your partners are).