Appendix 8.1: Background on DerbysOwn

This company is one of the five leading food retailers in the UK. It manages over 895 stores in over 40 territories across the world; over 600 of these stores are in the UK. In 1988, DerbysOwn became the first retailer to achieve a turnover of over £1 billion; although its success has varied in recent years, and especially within the recent challenging financial climate.

DerbysOwn is positioned at the premium end of the market, and is focused on “being a leader and providing quality that is therefore different to other retailers’ products”. The company’s food and drinks product range includes:

- Pre-prepared meals
- Sweets and confectionary
- Snack foods
- Lunchtime sandwiches, salads, sushi, and wraps
- Tea and coffee
- Chilled produce (including meats, pies, and pates)
- Fresh fruit and vegetable
- Alcohol
- Soft drinks
- Cakes and deserts

In line with its strategy and positioning, the company largely sells own brand products in stores. It has been a product leader of the own brand market, and the first to launch a number of products, including boil-in-bag meals and sachet meals. It has received a high number of awards for its product ranges.

The management of the company’s food and drinks was divided into two main areas: events and chilled. NPD projects were primarily managed from the company’s headquarters in London, although key suppliers were heavily integrated.

Within the management of NPD, category managers were key decision-makers. They were the “hard-nosed” member of the team, and were commonly buyers by trade. ‘Selectors’ (marketing staff focused on the development of new opportunities and ideas), were also key decision-makers, and effectively worked “behind this process”. They tended not to be involved in projects on a day-to-day basis, but were
important to ensuring the company’s long-term focus, and that new projects were initiated to progress the business. Within the company, there was a “big drive to come up with new ideas”, which resulted in pressure on the selectors to push each category manager to initiate new projects.

A further level of decision-makers was also noted: the ‘parents’, similar to director level staff. Parents would “pick up the review documents put forward by the NPD team for new products”, and were key decision-makers on whether projects would go ahead (Roy). These key decision-makers were in some cases seen to “hamper creativity as they will review proposals and set cost levels etc that will rule out many ideas”.

Suppliers played a key role in NPD, as the manufacture of own brand products was outsourced and managed by them. The significant role of these suppliers meant that effectively, the retailer’s involvement in the development process was largely confined to the early stages, although they were also largely responsible for the graphics and pack copy activities. Where new ideas came from a supplier, the retailer’s role was minimal - other than evaluating the project as it progressed. The suppliers’ key role was partly evident in the weekly meetings between these and category and marketing staff, as well as regular phone and email communications. The suppliers’ and retailer’s packaging teams also met on a monthly basis.

Packaging was of integral importance to the retailer: it aimed “to stay around 18 months ahead of its competitors”, in terms of the types of packaging used on its products. However, “the organisation’s risk-averse nature” and management style meant that it was “slow to respond to change”. One interviewee noted “sometimes I can’t get category managers interested enough, so it’s left for someone else to pick it up [a competitor]”. In 2007, DerbysOwn introduced ‘Plan A’, an environmental plan to reduce its impact on the planet. This was highly influential in the case study period, increasing the significance of packaging within DerbysOwn’s operations. The plan covered “100 commitments over 5 years to address the key social and environmental challenges facing [the company] today and in the future”. It created an emphasis on using more recycled materials, reducing the amount of packaging used, and increasing reusable, recyclable and environmentally friendly material usage.
The retailer's packaging team was managed by the head of packaging, and consisted of twelve staff, each within one of the following categories:

- Technical Packaging manager/technologist
- Packaging buyer
- Packaging manager.

In total, there were four packaging technical developers and two more operational level technical developers. In addition, there was also a team of packaging buyers responsible for ensuring Plan A was on track, and that the packaging sourced by suppliers adhered to first class standards (particularly with respect to the environment and ethical practices). This team could also be bought in on projects to drive down packaging costs, working in conjunction with core product suppliers. As was common across the retailer’s NPD activities, the packaging team worked closely with the core product suppliers. The team also tried to work with key packaging suppliers to monitor for new developments.

Despite the existence of the packaging team, and members of staff within this team being focused on generating new technologies, it was only incorporated into projects when requested by project managers. As a result, packaging choices and decisions were “often based on the awareness of the category team”, and other members of a particular product development team, of the main “existing packaging options” for a product. Hence “the category teams know about the basic packaging options… they only call on us if they want something radical…”
Appendix 8.2: Background on Orchids

This company is one of the UK’s top five retailers; this study focuses on its own brand products. The company’s operating structure reflected the key product areas in which it operated:

1. Division of food technology
2. Division of chilled prepared foods and produce
3. Division for meat, fish, poultry, dairy, and agriculture products
4. An operations division

Whilst the company only accounted for 4% of the market in the UK, it had been growing relatively rapidly in the preceding years, outpacing most of its competitors. This had included expanding into providing concessions and smaller stores in a number of UK retail shops and petrol stations.

The retailer operated a hierarchical structure, with many layers of management and directors. The retail division consisted of two levels of directors, with the main areas operating underneath this: such as the packaging and chilled food areas, which operated under the commercial director.

This case study focuses on the company’s food and drinks products, and NPD, which were managed within the Retail business unit. The management of NPD within Orchids has recently changed. Projects used to be initiated by buyers, alongside suppliers and technologists, but are now initiated by the brand and product development team. This is due to recognition that buyers within the firm were “not able to do everything… and need to focus on buying. Indeed, these buyers only had so much time in order to do these sorts of activities. This change was made around three years ago, with the first products launched after this being the Essentials range.

The NPD process within Orchids has evolved and developed significantly in recent years, with a particular focus on ensuring that it was responsible, accountable, consulted all relevant staff, and informed all key stakeholders (RACI). A handbook on the process has also been developed: until around seven years ago, the company had no formal process; the handbook provides an overview of the process and a template for each stage and meeting, so as to ensure it was relatively consistent and comprehensive. Furthermore, the company is in the process of undertaking further changes aimed at making NPD more dynamic, and to put better systems in place; as
well as ensuring that key decision-makers are identified and become responsible for decisions at certain stages.

Packaging is managed through the packaging and reprographics department, situated within the food technology division. This division consists of compliance, ambient, chilled, produce, and nutrition departments. The packaging team comprises five members of staff, working under the head. The team contains no technical packaging specialists: hence, they worked closely with suppliers. This was evident across their operations. Indeed, in the case of packaging, the company has onsite presence of four staff from packaging suppliers: these staff provide technology expertise. They had six main purposes:

1. Approving own label packaging.
2. Advising on packaging design, including approval, some involvement in design, input into materials and printability, monitoring for over-packaging.
3. Responsibility for graphics and printing costs.
4. Aiding decision-making on physical and structural packaging.
5. Representing the company on the corporate commitment.
6. Responsible for working with the IGD, and other non-governmental groups.

In addition, the team has also recently begun to be involved in packaging audits, to identify areas requiring action. The functions of the team mean that these are linked, and reported with a “dotted line”, to other teams and departments: in particular, graphic design, brand development, and corporate social responsibility teams.
Appendix 8.3: Background on Newway

This case examines one of the world’s leading food, nutrition and drinks companies. The organization was established over 135 years ago, and operates in 86 countries, with a global turnover of 10.4 billion francs. Newway develops and markets packaged products in a number of categories:

1. Hot beverages
2. Cold beverages
3. Cereals
4. Chilled foods
5. Ambient foods
6. Frozen foods
7. Confectionary
8. Iced cream
9. Infant foods
10. Sports and healthcare nutrition products
11. Baked goods
12. Pet care products

In order to manage such a high variety of products, each category had a strategic business unit (SBU) run by an experienced manager. These managers were responsible for the NPD activities undertaken within the R&D centre for their category, called the Product Technology Centre (PTC). There are a total of twelve PTCs based on the above categories. NPD projects are guided by these managers, and influenced by the headquarters and key PTC personnel. A central Newway Research Centre also undertakes long-term R&D projects in broad areas of significance to the company’s main markets (e.g. nutrition, health and wellness, and packaging to a small extent).

In recent years, the significance of packaging within the organisation has grown, following the appointment of a new Chief Executive Officer (CEO). The CEO “raised the profile of packaging”, publically stating that “packaging is the essence of the brand” (Sourced from internal company documentation). As a result, the internal packaging teams have been expanded, and the company quickly adopted a number of new technologies: including the Tetra-Recart carton (on a range of premium dog
food), and a self-heating can for coffee. Within recent years, it has also introduced a number of new types of packaging, with the aim of improving aesthetic appeal, and adding both value and culture to its brands.

This study primarily focuses on the UK confectionery PTC, which employs around two hundred and fifty staff, including scientists, technologists, engineers, and designers. The packaging team consists of: sustainable designers, graphic designers, materials specialists, equipment specialists, packaging designers, and structural designers. The PTC also works with a number of design agencies specializing in ideation and concept development, and external graphic designers.

Within NPD projects, any member of the packaging team could be called in as required, and it was the team’s intention that they were involved from the beginning. However, it was noted that: “it does not always work like it should… the consideration of packaging can be haphazard, and in some cases late…. [as] people consider new product ideas, but don’t look at packaging early…. [as a result] costs are sometimes incurred that could have been otherwise avoided”. However, this has increasingly been resolved over time; the company was “doing a good job in closing the gap”, as it moved to become a “leader in our emphasis on packaging, although we still a long way to go…. [and] it’s going to take time, as it is essentially a fundamental change in the way we do things”.

Packaging change was seen as a priority, particularly after the CEO’s appointment. The stimulus for new projects needed to come from both the PTC team and market. More significant projects required approval by the headquarters, and were more common for higher value products (such as gift boxes). NPD projects had to be driven by a customer need, although technology could act as a driver of change. Within the study, it was evident that although the packaging team had technical expertise, they were essentially design orientated.

The confectionary team had, in recent years, been responsible for a number of projects highlighting the potential contribution of packaging. It was, however, noted that "packaging costs were key and could prohibit design changes,… particularly for

1 Designed by Thermotic Developments Ltd. and made and assembled by Crown Cork & Seal
large volume products where we are manufacturing millions of units, and packaging accounts for a very small fraction of the price,… thus cost increases have a significant impact on profit margins".
Appendix 8.4: Background on Walkers (Pepsi Co.)

This case study explored the management of product and packaging development in a division of the second largest food and drinks organisation in the world: operating in over 200 countries, and enjoying revenues of over £24bn. Whilst this company's headquarters is in the US, it has a particularly significant presence in the UK and Europe. The main products sold by the company are beverages, cereals, and snack foods: each managed in separate R&D centres around the world.

This case study focuses on the company's European R&D and Engineering division, responsible for product development in Europe (with other operations units managing North America, Latin America, and Asia Pacific). The case studies analyzed in this research project focus on the snack food division within this region. The history of this division dates back to a firm established in 1948, acquired by Pepsi Co. in 1989. This division develops and manages products in the following types of product categories:

- Crisps and potato chips
- Maize-based snacks
- Tortilla chips
- Other savoury snacks
- Cereals

Within each of these categories, the company is currently focusing on the following main strategies: sustainability, health/nutrition, and brand extensions. There is also a focus on growth into new sectors and emerging European markets.

The importance of packaging has grown within the organization in recent years, partly as a result of some new types of products being produced with different needs in terms of packaging, but particularly as a result of an increased emphasis on the environment and sustainability. In the latter case, the company has made “big pledges… [and was] working hard to improve… on a number of projects”.

Pepsi Co.’s European R&D centre for snack foods handled two types of products and their development: Walkers snack foods and Quaker Oats. The portfolio of products and brands within this division has grown both organically and through a number of global acquisitions. The management of packaging within the European Snack Foods
Division is all handled onsite in the UK. At this site are R&D and Engineering staff, although the R&D centre has close connections with the strategic business unit responsible for managing these products.

Within the snack foods division, four main types of development were undertaken, based on the “four main things that add value to the product”:

1. Flavours
2. Oil
3. Potatoes
4. Packaging.

Within this division, R&D is a significant activity, as “volumes are so large it's a massive business in itself, for example the brands in the UK turn over in excess of £16 billion”; hence, the division can act relatively autonomously and “innovation and new product development are in each individual SBU”. Each of these areas of R&D is supported to some degree by suppliers: for example, the company relies heavily on ingredient suppliers for the development of new flavours.

The packaging team worked within the facilities at the technology centre, and had an “overview of packaging for a range of businesses”. The team didn’t generally “get involved in NPD on a day-to-day basis”, and was called in as needed and to work on particular projects as required. The team handled both long and short-term packaging development projects. Only the artwork and graphics changes were handled separately by local specialist teams and agencies, with local internal teams coming up with ideas, then passing these on to specialist agencies. This was considered appropriate as the company frequently introduced new flavours and special lines at a local level, which required no real technical development or changes to the packaging itself.

In addition to the onsite packaging team, the organization also worked with a number of specialist suppliers. Each of these were focused on producing specialist extruded laminated bags with glued seals, as most of their products were packed in this format. Walkers FoodCorp. considered itself to be a “world leader in terms of its expertise in packaging crisps”: particularly, its production line efficiency, cost reduction, and the different technology used in its bags when compared to
competitors. This technology offered “better flavour retention and shelf appeal”, which was a “core competency of the packaging team”.