



BEST PRACTICES HANDBOOK



TABLE OF CONTENTS

Green Brands Activation	03
Regional Brand Activation	04
Development of by-products	05
Short marketing chains	06
Entering new Markets (internationalisation)	07
Online sales (business-to-consumer - B2C type)	08
Development of functional products	09
Development of differentiating packaging (convenient, reliable, attractive and sustainable)	10
Process innovation	11

BEST PRACTICE 1

GREEN BRANDS ACTIVATION

TECHNICAL DESCRIPTION OF THE BEST PRACTICES

The green brands activation emerges in a context when concerns about production's environmental sustainability are considered a factor that the consumer takes into account when choosing the product. Highlighting the properties of the product and of the production process that best contribute to environmental sustainability, food safety and animal/plant integrity is a best intelligent marketing practice insofar as it spurs higher levels of consumer confidence in the product (specifically) and about the brand/organisation (in general).

Green brands activation consists, specifically, of a strategy of differentiation from other competing products/brands based on traditional (intensive) production methods, through the adoption of "environmentally friendly" processes and products and the wide dissemination of those same processes to the consumer. In this case, the dissemination takes on added importance, as it constitutes a subsequent public exposure of the brand, that is to say, an affirmation and demonstration that the organisation is indeed governed by high standards of quality and environmental integrity, that go way beyond the minimum food safety requirements.

COMMON PRACTICE USED

The quality and integrity of food products has increasingly been subject to scrutiny by consumers and regulators, with the issuance of quality standards covering all organisations in the sector. This way, the consumer is given the conditions to rely on the products available in the market.

On the other hand, there are several cases, disseminated to the consumer, which reinforce concerns about the integrity and sustainability associated with the productive methods in the agrifood sector. Therefore, maintaining marketing methods that comply with minimum quality, safety and integrity regulations in production represents an uncompetitive common practice when compared to marketing practices that are guided by the activation of green marks, that is, that highlight compliance with higher environmental sustainability requirements than those required by regulations.

REQUIREMENTS FOR IMPLEMENTATION

- Identification of consumer perceptions of the consequences and externalities arising from the production process associated with the sub-sector in which the organisation is included;
- Incorporation of different production methods that go beyond the minimum regulatory requirements;
- Definition of a (higher) price and distribution strategy that makes the product's green brand different from all others in the market;
- Launching a (Re)Branding campaign that enhances the product and organisation's concerns regarding the environment, with the implementation of concrete initiatives for the consumer;
- Association of environmental concerns with food quality standards beneficial to the consumer's health.

ADVANTAGES

- Guarantee of a more environmentally friendly product and of food quality
- Greater differentiation from competitive mainstream products
- Possibility of increasing the market retail price
- Increasing confidence in the brand and in the organisation

DISADVANTAGES

- Reformulation of the production processes with high material and human costs.
- Investments, often high, in (Re)Branding for activating the green brand

BENCHMARKING

Economic

- Growth in sales and market share
- Justification for setting higher consumer prices

Environmental

- Respect for environmental sustainability in resource management

Social

- Reinforcement of consumer and social confidence in the brand and in the product.

BEST PRACTICE 2

REGIONAL BRAND ACTIVATION

TECHNICAL DESCRIPTION OF THE BEST PRACTICES

The activation of the regional brand is an intelligent marketing best practice insofar as it associates a territorial and social context as a way of achieving a high degree of differentiation when compared to its competitors. Regional brands stand out by the maintenance of traditional methods, not only in terms of raw materials, but also in terms of manufacturing processes, very different from industrial production, whose sole objective is to make available the largest production volume at the lowest cost possible. This way, the regional brand product is perceived by the consumer as being healthier and preserving better nutritional characteristics, by not resorting to additives or artificial preservatives.

In addition, consumers are now looking for meaningful products that represent an experience. Regional brand products encompass the whole context of the territory they come from, reinterpreting the experiences and traditions of a region, with direct benefits not only for the symbolic valorisation of the territory, but also for the economic valorisation of the product.

More specifically, the regional brand is achieved through a product certification process according to national or community references (i.e. DOP, IGP, etc.), thus ensuring greater recognition and reliability. However, the regional brand is often activated through the association of the product with other territorial development and valorisation activities, such as tourism.

COMMON PRACTICE USED

When their origin is not activated, agrifood products tend to be marketed from a perspective of meeting basic food needs, not being associated with any symbology or context. On the other hand, as a result of the dissemination to the consumer of cases of food insecurity in standardised agrifood production, regional brands are seen by the consumer as guarantees of greater integrity and quality, since they preserve traditional methods.

In addition, agrifood products that are not regulated by the activation of a regional brand (or any other differentiating brand) will always be considered "inferior" in terms of quality and, often, overlooked in the purchase choice despite their lower price. Therefore, the regional brand works as a positive differentiation mechanism.

REQUIREMENTS FOR IMPLEMENTATION

- Identification of the most characteristic and differentiating endogenous products of the territory;
- Product qualification turning to national or European certification mechanisms;
- Broad dissemination of the regional brand, associating the product with the experiencing of its region of origin;
- Association with other territorial development strategies, such as tourism.

ADVANTAGES

- Guarantee of a product that integrates regional dynamics and traditions
- Provision of a product that, by maintaining traditional production processes, is guided by less intrusive storage mechanisms.
- Possibility of increasing the market retail price.
- Market and social confidence in the product.

DISADVANTAGES

- Strong attachment to the regional brand, making it difficult to diversify the product range.
- Competition of other regional brands for a product of the same subsector.

BENCHMARKING

Economic

- Economic valorisation of a regional-based product;
- Streamlining local economy (production industry, employment, etc.);
- Justification for setting higher consumer prices

Environmental

- Better product storage conditions and corresponding methods;
- Greater notoriety and external recognition of the product's territory of origin;

Social

- Involvement of the regional community in the production and valorisation of the product;
- Acceptance and recognition of the organisation by the regional community.

BEST PRACTICE 3

DEVELOPMENT OF BY-PRODUCTS



TECHNICAL DESCRIPTION OF THE BEST PRACTICES

The development of by-products, from a range economy point of view, has been the practice of several agri-food production and marketing units, as a way of expanding their presence in the market, covering identified needs of specific target audiences and reducing waste or, at least, making better use of production resources.

The development of by-products appears mainly in mature organisations that already have a considerably consolidated production and marketing component, with a strong presence in the market where they operate. This allows the organisation to identify market gaps or emerging needs that justify investment in the development of by-products. The entrepreneurial mindset of the leaderships allows investing in research and development of new processes and new products and in the installation of units and equipment that fulfil that vision.

The weight of by-products in the Turnover of the organisations that choose to invest in this strategy normally increases substantially over several periods, although without surpassing the main production/marketing component. A significant advantage associated with the development of by-products has to do with the use of otherwise wasted production resources and/or end products that are rejected by the market (due to shape, size, etc.). This includes the provision of Range IV and V products as an example of transformations that attribute market value to a product which, in its original version, would not be accepted.



COMMON PRACTICE USED

Organisations characterised by the production and/or marketing of a particular agrifood good tend to evolve with the promotion and increasing economic valorisation of the good they produce/market. The market share is guaranteed through the choice of this good by the market, while organisations continue consolidating.

On the other hand, investment in a single production component, although strong, ignores a whole set of opportunities for meeting emerging market needs, for the economic use and valorisation of production resources and for organisational expansion. Therefore, the development of by-products responds to these conditions, although this requires an investment and a commitment to identifying market needs, the material capacity of the organisation to accommodate processing units and the realignment of production methods.



REQUIREMENTS FOR IMPLEMENTATION

- Presence in the market of the organisation itself or of a possible partner organisation, as a way of obtaining information and market share;
- Identification of emerging needs and market niches that value the by-products to be developed;
- Investment in the development of new production processes and in the installation of equipment and processing units;
- Realignment of marketing strategy, adapting it to the new consumption segment.



ADVANTAGES

- Use of production resources for the main product
- Transformation of secondary production rejected by the market, granting it new economic value.
- Possibility of increasing the market retail price.



DISADVANTAGES

- The by-product will hardly gain more market share than the main product.
- Possible barriers to by-product acceptance by the consumers;
- Large investments necessary for readjusting agrifood processing units.



BENCHMARKING

Economic

- Development of new products;
- Streamlining agro-industrial investment and expansion;
- Economic valorisation of resources and products that would otherwise be rejected by the market;

Environmental

- Sustainability and efficiency in resource management and allocation;

Social

- Satisfaction of emerging and specific needs of particular groups;
- Intensive investment in knowledge for developing suitable by-products.

BEST PRACTICE 4

SHORT MARKETING CHAINS



TECHNICAL DESCRIPTION OF THE BEST PRACTICES

The new consumption trends - which increasingly lead to a demand for natural, seasonal products and with a territorial identity (mountain, protected area, etc.) - represent an opportunity which can be maximized by promoting short marketing chains. This methodology is based on the direct interaction between producers and consumers, through the direct and organised sale of products in their own space (for example, a collective store, local market, etc.), internet sales and/or home delivery. Many of the authors who approach the subject point out the social, economic and environmental benefits of this proximity marketing form.



COMMON PRACTICE USED

Short circuits are intended for a specific type of consumers that needs to be defined and known in order to be successful with this form of marketing. This marketing method includes the following types of sale:

- In an own fixed space (eg. head office of the cooperative or farm);
- By means of baskets with an organised offer of products;
- Collective points of sale;
- Holding local fairs/market;
- Commercial catering;
- Collective catering (i.e. school canteens (public or private), nursing homes and day centers, companies and public services, etc.).



REQUIREMENTS FOR IMPLEMENTATION

The Cooperative shall be responsible for instructing farmers who join the product sales network (technical support for integrated production, production guidelines and quality control), for market demand and for organising the product distribution and delivery circuit. For the successful implementation of this type of marketing practice, the following factors should be considered:

- Realistically assess the volume that can be marketed through short circuits (supply and demand analysis);
- Outline a commercial strategy (choose the target audience and geographical area to be considered);
- Mobilise marketing skills to develop direct sales;
- Promote the specific involvement of producers (active participation and acceptance of rules established by mutual agreement);
- Ensure product quality;
- Adopt a progressive approach (permanent market observation to reorganise the project);
- Regularly invest in dissemination/promotion/marketing initiatives.



ADVANTAGES

- Limited number of intermediaries;
- Valorisation of the Producer/Consumer relationship;
- Reduction of food waste;
- Improvement of food safety and quality (storage; seasonal products);
- Improvement of the entrepreneurial capacity of the cooperative and of the producers themselves (collective motivation);
- The product chain is transparent: the consumer knows the origin of the product and how it was produced;
- Form of regular product sale;
- Local acknowledgement and possibility of extending product sales to wider audiences.



DISADVANTAGES

- Difficulty in ensuring quantity, variety and regularity in supply;
- Need to purchase or adapt facilities and equipment to ensure the transportation and marketing of the products and, in some cases, their processing (adapted vehicles, cold chains, packaging, labeling and sale facilities, processing facilities and equipment).



BENCHMARKING

Economic

- Alternative way to market agricultural production
- Promotes the circulation of money within the community by encouraging the consumption of local products
- Improves the cost-benefit ratio for consumers, because transport, storage, packaging, preservation, promotion and distribution costs are lower
- Facilitates access to fresh produce, which have lower costs
- Promotes the entrepreneurial spirit of the local economy

Environmental

- Promotes a less polluting agriculture (less intensive production systems) and resource conservation
- The needs for packaging, transportation and refrigeration tend to be lower, and therefore the use of fossil fuels and greenhouse gas emissions tend to decrease
- Promotes the preservation of local varieties, contributing to the maintenance of biodiversity

Social

- Support to small local producers
- Incentive to associativism
- Contributes to the strengthening of community bonds

BEST PRACTICE 5

ENTERING NEW MARKETS (INTERNATIONALISATION)



TECHNICAL DESCRIPTION OF THE BEST PRACTICES

The internationalisation of the agrifood sector must be seen as a way of reaching new opportunities. Product quality, associated with the strengthening of contact networks (inside and outside the EU), generates a huge potential for success, allowing for a sector size gain that should not be overlooked. However, this reality requires, on the part of the cooperatives and entities intrinsic to the sector, a high capacity to keep up with market demands in terms of innovation and quality, in order to allow companies to reach production scales capable of meeting international demand, preponderant factors for success in entering foreign markets. It should be noted that an internationalisation process incorporates high risks and resources are necessary to allow for the installation in another country, where it is necessary to overcome distance and gain market confidence. Thus, and in order to dilute risks, it is essential to generate an aggregating and capable strategic vision, intended to facilitate, stimulate and increase the territory's competitiveness and the internationalisation of its entrepreneurial fabric.



COMMON PRACTICE USED

Internationalisation is mainly carried out through exports, where it is possible to create synergies between products (the most competitive and/or differentiated, dragging along other products). The underlying principle of internationalisation is the search for a technical partner in the country where it is intended to operate. This action will later enable the creation of partnerships so that they can improve the quality of the products according to the existing demand, create brands and disseminate them internationally. For this purpose, the carrying out of prospective trips, organisation of business missions and visits/participation in fairs of the sector, are seen as necessary and fundamental ways to assess the culture, the consumption habits and the product and the packaging needs. The emphasis on the creation of brands, the concern with product quality and image, as a way to differentiate itself, takes on high importance when entering foreign markets. To this end, the creation/promotion of a regional structure dedicated to internationalisation and to territorial marketing is emphasised and encouraged, which focuses mostly on supporting internationalisation and on cross-border promoting the territory and its endogenous products.



REQUIREMENTS FOR IMPLEMENTATION

- Knowledge of the consumption habits of the target market and the market's sale cycles;
- Investing in innovation: differentiating packaging, recipes, ingredients and flavours, aligned with current health goals, weight loss, nutritional, energising, etc. (identify-specific consumer niches, e.g. Health limitations, allergies);
- Development of the know-how and emphasis on existing solutions, but with possible low penetration rate in the target market - first step move (i.e. pre-prepared meals);
- Dissemination of the product's nutritional advantages (eg: olive oil);
- Creation of an aggregating brand, identifiable by the target consumer as a quality product;
- Promotion of consortia and implementation of specific joint actions/initiatives in target markets.



ADVANTAGES

- Enhance the reputation of the product/territory
- Maximization of demand and sales volume
- Process standardisation: responding to international requirements renders the product more competitive also at national level
- Consolidation of synergies by entering new partnerships and international distribution channels



DISADVANTAGES

- Costs inherent to the internationalisation process (investment at an initial phase, only after can there be return)
- Atomisation of production and subsequent lack of scale
- Bureaucracy and legislation (specific legislation for labels, health standards, logistics, etc.)
- Difficulty finding quality partners
- Longer shipping time being penalising for perishable goods and more costly
- Lack of knowledge (commercial, legal, etc.) about destination markets



BENCHMARKING

Economic

- Access to new markets, possibly more demanding and sophisticated, brings new knowledge and innovation, adding value to the sectors
- Increase of scale and competitiveness
- Decrease of dependence on the internal market
- Valorisation of the primary sector

Environmental

- Adaptation of products to more demanding environmental standards
- Optimisation of resource management, protecting the environment and preventing pollution

Social

- Implementation of partnerships
- Development of cooperation projects

BEST PRACTICE 6

ONLINE SALES (BUSINESS-TO-CONSUMER - B2C TYPE)



TECHNICAL DESCRIPTION OF THE BEST PRACTICES

Consumers are increasingly buying food online, giving the agrifood industry the opportunity to sell directly to consumers and limiting the influence of middlemen. When considering e-commerce as business support in the agricultural sector, the Business-to-Consumer (B2C) segment is the most widely used. Virtual stores - e-commerce sites, where the customer visualises and chooses his product, places it in the shopping cart and makes the payment, in a completely online process, are an example of this form of business.



COMMON PRACTICE USED

Virtual stores are a negotiation-facilitating instrument in the sense that consumer access doesn't face geographical, temporal or overcrowding constraints to their use.

Generally speaking, consumers access the site, choose the products they want to buy and pay for them, and the entire process is performed via the internet.

Virtual stores are characterised mainly by the presence of a shopping cart or shopping basket, allowing consumers to browse product categories, view product descriptions and corresponding photos, add products and complete the purchase - just like in a supermarket. Added to that is the fact that consumers are able to choose the form and condition of payment and have the guarantee of product delivery at the desired location (informed), through a products order tracking and delivery service.

These stores tend to be dynamic structures, not merely an online product display, incorporating, to a larger or lesser extent, strategies to improve product sales, such as discount campaigns or discount coupons distribution, which represent two examples of common promotional e-commerce strategies.

In addition, up-selling and cross-selling are two techniques widely used in e-commerce as a way to stimulate consumption and to ensure greater profitability for companies. There are also other marketing techniques that are very common in virtual stores, such as remarking or email marketing, which play an important role in the contact with consumers in order to materialise and/or make new purchases.

Other examples of strategies usually highlighted in the most renowned virtual stores in order to increase their sales can be personalised campaigns on the site, loyalty and affiliate programs, policies related to delivery costs, solidarity campaigns, initiatives with bloggers, availability of samples, presence of price comparers, as well as the importance they attribute to the image and operability of the system.

Despite the huge growth in virtual store transactions, many consumers still have some mistrust as a result of news and rumors of fraudulent transactions - products that are not shipped or products shipped late. In addition, personal and financial data confidentiality matters are also a concern issue for many consumers. However, virtual stores are prepared to guarantee the protection of these data through systems that allow for data and information encryption.



REQUIREMENTS FOR IMPLEMENTATION

The use of the potential offered by this tool becomes a differentiating and critical factor for success. It is important, however, to consider some fundamental points of analysis:

- The need for investment in and permanent updating of new technologies: implementing the platform is not enough, as users become increasingly demanding at the user experience level, which also requires investment and the need for frequent optimisation;

- Ponder integrated strategies between online and offline as a way to boost both channels;
- Communication: in addition to communicating the platform in an appealing and dynamic way, it is necessary to ensure that the customer can quickly obtain clarification of his/her doubts (commercial support, eg. via e-mail and/or telephone), and that delivery will take place within the established deadlines;
- The entity will have to generate statistics and results analysis capacity, in order to guarantee the effectiveness and efficiency of the service that is being provided.



ADVANTAGES

- Low transaction cost
- Physical distance is bypassed



DISADVANTAGES

- Occasional/discontinued demand
- Requires investment in and permanent updating of new technologies
- Consumer mistrust concerning online payment security and privacy issues



BENCHMARKING

Economic

- Openness to new markets - national and international - allowing for the offer to be adapted to several consumption cultures;
- Access to new, possibly more demanding and informed consumers brings greater demand and professionalism to cooperatives, resulting in improved service and products;
- Increased productivity, optimising organisational processes;
- Diversification of marketing methods;
- Potential to reach a larger number of clients;
- Optimisation of receipts;
- Low installation and maintenance costs;
- Low communication costs;
- Reduction of costs generated by the provision of customer services;
- Need for a low stock of products;

Environmental

- Ecologically sustainable form of marketing as it is developed in a digital environment, thus minimising the use of paper.

Social

- Implementation of partnerships;
- Improvement of the ability to communicate with customers as a result of better information about their tastes and preferences;
- Improvement of customer service availability.

BEST PRACTICE 7

DEVELOPMENT OF FUNCTIONAL PRODUCTS

TECHNICAL DESCRIPTION OF THE BEST PRACTICES

Currently, one of the worldwide trends in the agrifood sector is related to the development and consumption of functional products, that is, food products that, besides presenting basic nutrition, feature additional attributes with a positive effect on health and well-being. The consumers' quest for a healthy lifestyle renders the demand for these foods increasingly notorious, representing a way to prevent some types of diseases.

COMMON PRACTICE USED

Functional products can be developed, perceived and communicated in several ways, depending on their nutritional characteristics. Therefore, functional products can present several specific characteristics, such as:

- Diet/light products;
- Natural products (often associated with themes such as pure, purity or 100% natural)
- Products with natural additives and ingredients;
- Minimally processed products;
- Plant products (fruits, flowers or medicinal plants);
- Processed or fruit-incorporating products (snacks, dried fruit, cereal bars, natural juices, sweets and candy);
- Salt, sugar and fat exempt or reduced-level products (better-for-you);
- Products with quality seals of medical associations;
- Gluten- and lactose-free foods;
- High-protein products;
- Products for seniors, which promote active and quality ageing (products with low acidity, balanced nutrition, high-protein content, as well as lighter packaging, easy to open and with easy-to-read labels);
- Products developed for people intolerant to certain foods or chemicals (allergies);
- Energy products, developed especially for sportsmen.

REQUIREMENTS FOR IMPLEMENTATION

The development of functional products requires a strong component of product and process innovation, which is more easily achievable through a perspective of cooperation with other entities, namely Higher Education Institutions.

Product-level innovation, i.e. product-level changes that can be made to allow for a food to be characterised as functional, can take place in various ways, such as:

- Addition of substances with beneficial effects on health (eg. non-vitamin antioxidants, probiotic and pre-biotic microorganisms;
- Replacement of substances with negative effects on health with other with positive effects (eg. replacement of animal fat with vegetable fat);

- Elimination of substances with negative effects on health (eg. allergenic proteins, reduction of saturated fatty acids in margarine and mayonnaise);
 - Increased concentration of natural substances in the food, which have positive effects on health (eg. health beneficial food fiber);
 - Improvement of the stability of a substance in order to produce beneficial functional effects.
- Product innovation encompasses process innovation, generally needing to use technological and biotechnological methods for the production of functional foods. These biotechnological methods have an inter- and multidisciplinary nature, including different areas and subareas such as biochemistry, genetics, applied microbiology, biochemical engineering, biology, nutrition, food engineering and/or food science.



ADVANTAGES

- High market demand;
- Tendency to increase the consumption of this type of foods;
- Health and well-being beneficial foods;



DISADVANTAGES

- Possible demand for a relatively high investment in technological equipment;
- Need for highly qualified human resources.



BENCHMARKING

Economic

- Reaching an identified and emerging group of consumers;
- Economic valorisation of the products;
- Greater competitiveness

Environmental

- The consumption of certain functional foods (eg. vegetables) discourages the production of animal meat, thus contributing to lower greenhouse gas emissions into the atmosphere.

Social

- Implementation of strategic cooperation with other entities;
- Production of foods with clear-cut consumer health benefits.

BEST PRACTICE 8

DEVELOPMENT OF DIFFERENTIATING PACKAGING (CONVENIENT, RELIABLE, ATTRACTIVE AND SUSTAINABLE)

TECHNICAL DESCRIPTION OF THE BEST PRACTICES

The development of differentiating packaging is part of the major agrifood trends, namely of the convenience trends; quality and reliability; ethics and sustainability; as well as sensation and pleasure. The packaging characteristics are therefore an important tool of communication and contact with consumers, highlighting the characteristics valued by consumers.

COMMON PRACTICE USED

At convenience level, the packaging can be differentiated through an adjustment to individual consumption (monodose or single dose), as well as through easy-opening packages. In addition to format differentiation, packaging must convey confidence to consumers. To do so, active and intelligent packaging can be developed, which allow changing the expiration dates and monitoring the state of preservation of the products, providing consumers with information about their quality and safety. Another way of providing consumers with confidence through packaging is based on the presentation of labels with clear information, containing information about the origin, list of ingredients, allergens and nutritional information. In the field of ethics and sustainability, packaging can be differentiated when recycled or recyclable. Regarding the consumers' trend to look for sensation and pleasure in the consumption of agrifood products, packaging can be differentiated through the design, with attractive packaging from the aesthetic point of view, and including histories or stories.

REQUIREMENTS FOR IMPLEMENTATION

For the development of differentiating packaging, with convenient, reliable, attractive and sustainable characteristics, it will be necessary to take into account some factors such as:

- Organisational conditions (strategic partnerships with packaging-producing companies);
- Qualified human resources, especially in the areas associated with product design and biotechnology (especially for active and intelligent packaging), food engineering and management;
- Definition of a marketing strategy;
- Ensure that the "new" packaging does not affect product quality;
- Adopt a progressive approach (permanent market observation for the constant improvement of packaging products);
- Regularly invest in dissemination/promotion/marketing initiatives



ADVANTAGES

- Improvement of products food safety and quality (storage);
- Improvement of packaging products innovation;
- Improvement of communication with the customer through packaging;



DISADVANTAGES

- Need to adapt the production process and equipment to ensure adequate packaging, taking into account new shapes and sizes;
- Possible increase in production costs, depending on the type of change at the packaging level.



BENCHMARKING

Economic

- Economic valorisation of the products;
- Greater marketing potential for more demanding and informed consumers;
- Growth in sales and market share;

Environmental

- Marketing products in recyclable and recycled packaging contributes to reducing urban waste, saving natural resources, as well as to lowering energy costs.

Social

- Incentive to cooperation with other companies and entities of the technical-scientific system.

BEST PRACTICE 9

PROCESS INNOVATION



TECHNICAL DESCRIPTION OF THE BEST PRACTICES

Process innovation corresponds to the implementation of new processes or to a continuous improvement of processes, rendering possible a more efficient production process.

While this type of innovation has no direct impact on the final consumer, it is one of the most effective ways of generating a competitive advantage for companies, since it has the potential to achieve greater efficiency, product quality and/or a shorter time of product elaboration.

Process innovation can take place under different perspectives, such as improving logistic or production processes, which allow for productivity increases and the subsequent cost reduction.



COMMON PRACTICE USED

The development of process innovation enables companies to differentiate themselves from competitors, by improving product quality and/or reducing production costs, thereby rendering the companies more efficient and competitive.

This way, companies can create a new production process, which presents significantly lower costs than their counterparts, thus enabling them to become more efficient, profitable and competitive. On the other hand, companies can differentiate themselves through product quality, making it more valued by the consumer, thus justifying a possible product price increase and subsequent improvement of profitability.



REQUIREMENTS FOR IMPLEMENTATION

Process innovation entails, firstly, and prior to the development of any process innovation process, a diagnosis of the processes carried out by the company in order to understand which processes should be improved and/or modified. Subsequently, after diagnosing the production processes, detailed planning should be carried out, taking into account all measures to be performed so as to improve the corresponding processes and/or replace them.

This way, companies' process innovation must comprise a set of measures, such as:

- Diagnosis of the existing production processes;
- Identification of the processes that must be subject to innovation;
- Determining the "places" where innovation processes must be carried out;
- Development of a vision and strategic objectives for the corresponding innovation processes, applying, whenever possible, technology to the processes;
- Prepare a proposal for the new production process, considering aspects such as:
 1. List the materials, resources or methods that must be replaced;
 2. Mention the type of cooperation to be established with other companies and/or entities in order to produce higher added value products;
 3. Adapt the stages (or the whole process) in order to meet the proposed objectives;
 4. Reorganise processes in order to grant greater value to customers;
- Construction/expansion (if necessary) of facilities adapted to the reality of the new production process;
- Financial availability that allows the acquisition of equipment necessary for implementing the new production process;
- Awareness raising for an innovative culture among employees;



ADVANTAGES

- More efficient production system;
- High potential for product improvement;
- Potential to reduce product price;
- In some cases, process innovation means low capital investments;
- Greater profitability;



DISADVANTAGES

- Process innovation may represent a high investment when there is a major change in production practices;
- Adaptation of human resources to a new production process;
- Very strict control of the production process.



BENCHMARKING

Economic

- Lower production cost and subsequent improvement of efficiency levels;
- Easier contracting with large commercial and distribution areas for product supply;
- Growth in sales and market share;
- Greater economic profitability;
- Greater competitiveness

Environmental

- Contributes to a more efficient management of available resources, which means a reduction of energy costs in production, thus reducing the emission of polluting gases into the atmosphere.

Social

- Incentive to cooperation with entities of the technical-scientific system for process improvement;
- Enables supplying consumers with higher-value products (higher quality and/or lower price).