The Business Case for Taking Sensory Global

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September 26, 2018

sensoryspectrum

Agenda

- Historic regional organizations
- Changing environment leading to globalization and standardization
- Why it’s important\required to develop a global approach to Sensory and Consumer Research.
- Status of the journey so far
- Summary and Closing
- Questions

Think Back

SOCIETY OF SENSORY PROFESSIONALS

"Creating the Future"

November 5-7, 2008

Cincinnati Marriott at RiverCenter
10 West RiverCenter Boulevard, Covington,
Kentucky 41011 USA

Conference Program

Wednesday November 5th		Thursday November 6th		Friday November 7th	
AM	PM	AM	PM	AM	PM

Wednesday, November 5, 2008	Time
LUNCH	12:00
Keynote - Sensory Science from the Ground Up	12:20 - 12:30
Howard Schutz, University of California, Davis	12:30 - 12:50
Bob Baron, Mars Snackfood US	12:50 - 1:10
Nancy Eicher, Food Perspectives	1:10 - 1:30
Summary by Edgar Chambers IV, Kansas State University	1:30 - 1:45
Break	1:45 - 2:15
Panel Discussion: On being a Sensory Professional *moderator - Edgar Chambers IV,* Kansas State University Lori Rothman – Kraft Chris Findlay – Compusense Tom Carr - Carr Consulting Pieter Punter - OP&P Product Research, NL	2:15 - 3:15
Break / Poster Session	3:15 - 3:45
Town Hall Meeting: The State of the Sensory World moderators: Bethia Margoshes, Procter & Gamble and Clare Dus, Sensory Spectrum	3:45 - 5:00
Open Discussion on State of Sensory Science	5:00 - 6:00

http://sensorysociety.org/

Page 1 of 2

- Global Financial Crisis was looming
- US Elected it's First African American President
- The iPhone was less than a year old
- Beyoncé and Jay-Z got married
- Social Media was just emerging
- Netflix started it's streaming service
- Globalization was taking hold





My Journey Toward Globalization



M&M MARS

MARS chocolate north america

1995

- Working in the sweetener industry
- Global Company
- Working regionally

1999 – 2006

- Global Company operating regionally
- Not actively harmonizing
- Exception - Chocolates

2008 - 2013

- Global Segments
- Required Global Harmonization

Historical Regional Organizations

- Reasons organizations were more regional

Real

- Not easily connected (pre-internet, pre-email)
- It was difficult (travel, communication, …)
- It is expensive to work globally
- Tariffs and duties (sugar, dairy, aluminum, lumber, steel)
- Different regulatory environments

Assumed

- Methods and approaches are not transferable
- Language differences make it difficult
- Raw Materials are different
- Belief that products must be tailored to regional preferences



The Changing Environment

- Growth of Global Brands and Products
- Increase in Global Trade
- Move into developing markets
- Technology
- Consolidation



Growth of Global Brands and Products

True Global Products



i'm lovin' it®

Pringles



SNICKERS®

Growth of Global Brands and Products

Global Products/Different Names



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Increase in Global Trade



Nutrition Facts

Serv Size 2 tbsp.(37g)
Calories 200
Fat Cal 100

Amount/Serving	%DV*	Amount/Serving	%DV*
Total Fat 11g	**18%**	**Total Carb** 22g	**7%**
Sat. Fat 4g	**20%**	Fiber 1g	**4%**
Trans Fat 0g		Sugar 21g	
Cholest. <5mg	**0%**	**Protein** 2g	
Sodium 15mg	**1%**		

*Percent Daily Values (DV) are based on a 2,000 calorie diet.

Vitamin A 0% • Vitamin C 0% • Calcium 4% • Iron 6%

INGREDIENTS: SUGAR, PALM OIL, HAZELNUTS, SKIM MILK, COCOA, SOY LECITHIN AS EMULSIFIER, VANILLIN: AN ARTIFICIAL FLAVOR.
CONTAINS TREE NUTS (HAZELNUTS), MILK, SOY.
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- Kosher dairy ⓊD
- Gluten free
- Contains no artificial colors
- Contains no artificial preservatives

- Sugar – South and Central America
- Hazelnuts – Turkey (maybe the US)
- Palm Oil - Indonesia
- Polyethylene Terephthalate - China
- Cocoa – Africa



Where Was My Car Made?

Enter your vehicle's year, make and model.

2014 FIND MAKE AND MODEL

2014 Ford Fusion

Assembled in Mexico

30%
of parts from the U.S. and Canada

Engine from:
Romania

Transmission from:
the United States

Source: National Highway Traffic Safety Administration

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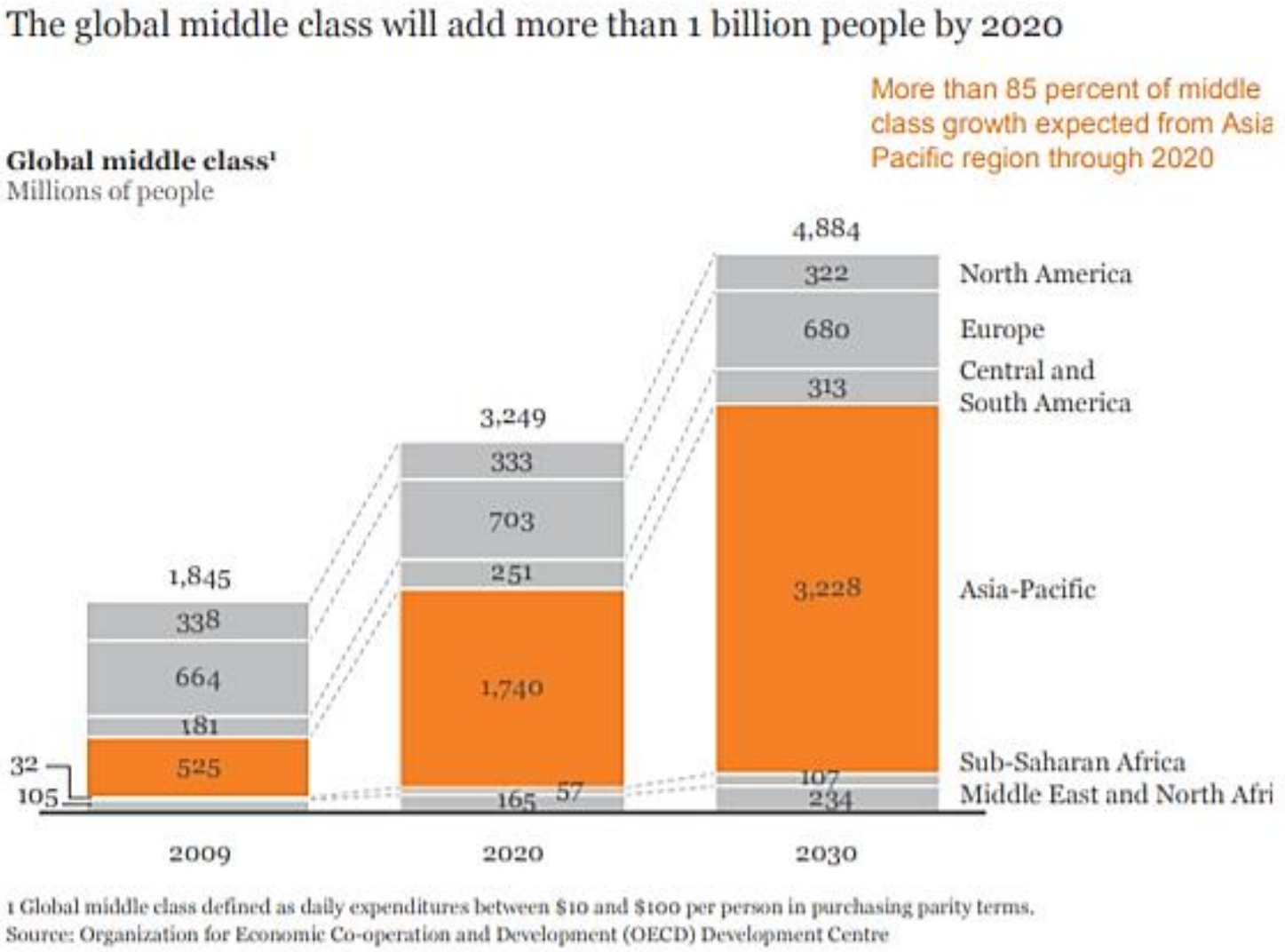
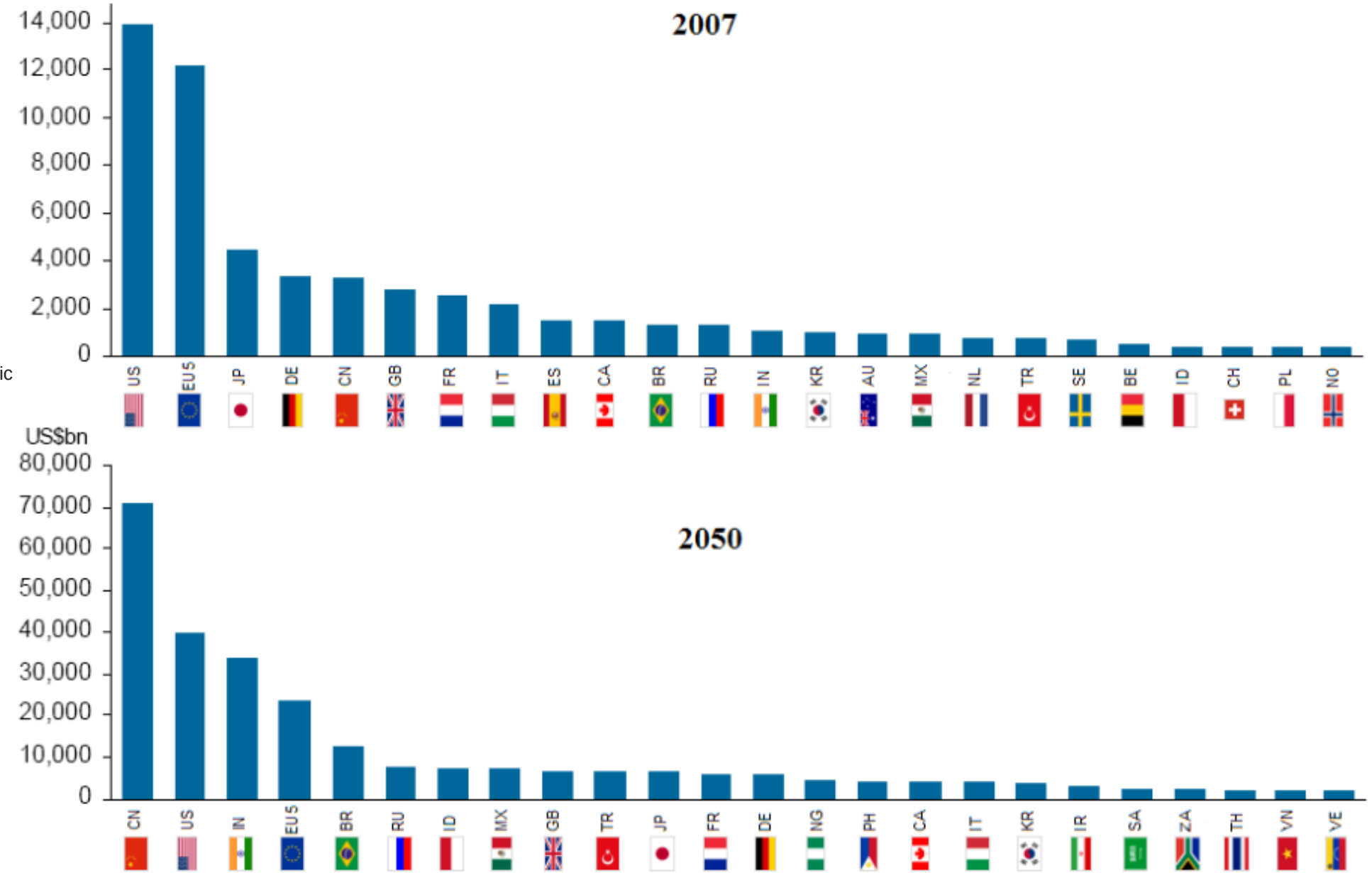
Move into developing markets



3 Organisation for Economic Co-operation and Development (OECD) Development Centre, *The Emerging Middle Class in Developing Countries*, January 2010

Move into developing markets

Gross Domestic Product measures the value of economic activity within a country.



Projected Global GDP in 2050 by Country (Data: World Bank)

RESULTS THAT MAKE Sense

Move into developing markets

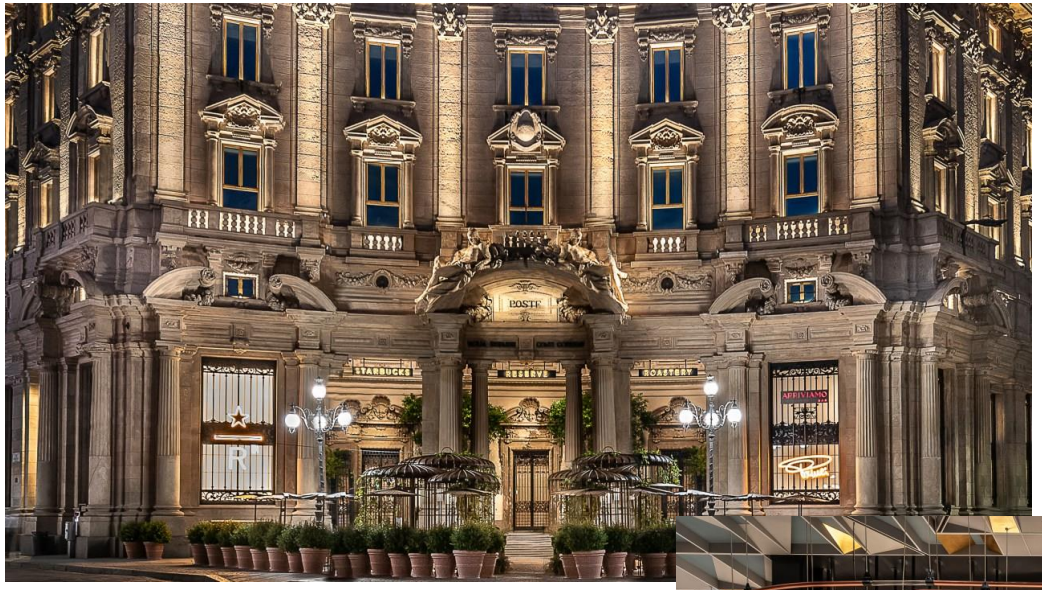




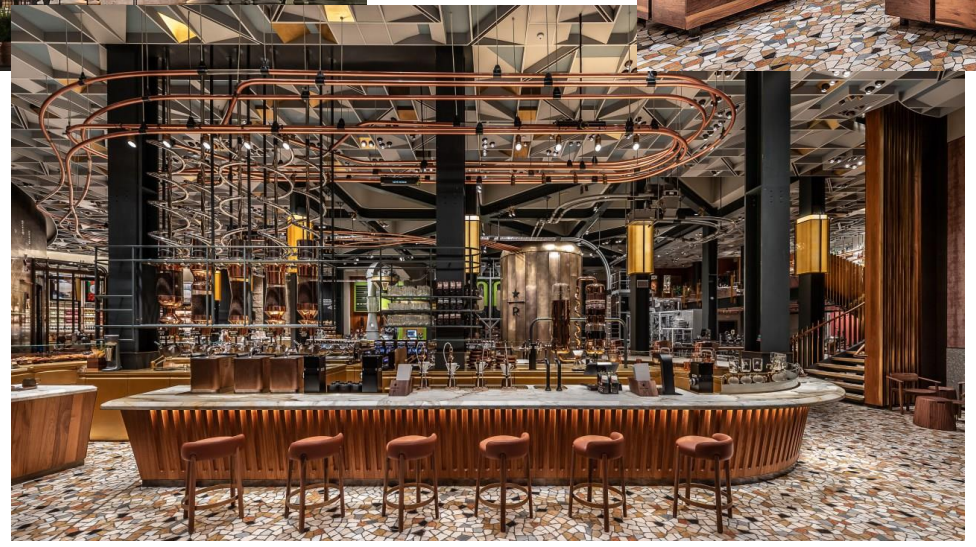


Move into global markets

Starbucks Opens First Store in Italy – August 2018







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Technology

- Communication
  - Email
  - Instant Messenger
  - Skype, Zoom, Join.me…
  - Collaboration software
- Trade
  - Amazon
  - Alibaba
- Internet
  - Advertising and Marketing Globally
  - Social Media
  - Research















The Changing Environment

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Consolidation

- Mergers and Acquisitions
- Driving Scale and Efficiency
- Global Procurement
- Headcount



Recent Acquisitions in the CPG Industry

- Heinz and Kraft purchased by 3G
- Amazon purchased Whole Foods
- Campbell's bought Snyder's Lance
- Dr Pepper Snapple merging with Keurig Green Mountain (Keurig Dr Pepper)
- Hershey is buying SkinnyPop and Pirates Brand
- JAB Holdings Acquires Panera++
- Unilever to buy Schmidt's Naturals (natural deodorants, bar soaps and toothpaste)
- Coke to purchase Costa Coffee
- Conagra to buy Pinnacle Foods
- Unilever buys Dollar Shave Club

- *Sixty-nine percent of U.S. CEOs planning to pursue growth through new M&As in 2018, up from 55 percent last year.*



Driving Scale and Efficiency

- Centralize
  - Example
    - Unilever's ice-cream business rolled up its fragmented brands under the "heart" umbrella brand, established a single global ice-cream headquarters in Italy, and consolidated manufacturing in 16 plants worldwide. *
  - R&D
    - Global R&D Centers
    - Global Brand/Category Groups
  - Engineering
    - Standardized Manufacturing
    - Equipment Procurement
  - Marketing
    - Global Advertising
    - Purchasing Power
    - Global Ad Agency
  - HR
  - Finance
  - IT



*(The decade ahead: Trends that will shape the consumer goods industry, McKinsey and Company)

Marketing Globalization



Marketing Globalization



The Changing Environment

- Growth of Global Bra[illegible] and [illegible]
- Increase in Global Tra[illegible]
- Move into developing [illegible]
- Technology
- Consolidation



What does all this mean

- We are increasingly being asked to collaborate globally
- International Space Station
  - An example of Global Collaboration
  - A partnership between 15 nations
  - Large cross functional teams working together to solve complex problems
  - Pieces didn’t always line up, but they worked around that
  - Advancing solar system exploration, science, education, and discovery.



Progress so far

- Fully Harmonized
  - Same Methods (pick one or create one)
  - Same Lexicon
  - Working Globally
- Partially Harmonized
  - Some Lexicons
  - Some methods
- No Harmonization
  - It’s all up for grabs



Now What?

- ***Globalization is here to stay***
- This is an opportunity for Sensory Professionals to ***Lead***
- Stop the bickering and NIH attitudes
- Appreciate diversity
- Be open minded, flexible, and willing to try new approaches
- Look for opportunities to create together
- Communicate!
- Keep sound science in the forefront



Thank You

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Questions

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