

Innovation essential for retail manufacturer survival

 By [Gareth Pearson](#)

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Sustaining customer interest and loyalty in the current market is difficult and, while retailers have the option of offering sales and products at discount prices, what do manufacturers do? Doing the same old thing, the same old way just isn't going to cut it in a market where consumers are already squeezed and looking for improved products that offer increased value. The answer - innovation.

Product innovation doesn't always have to mean completely reinventing the wheel - product upgrades, improvements or a new look, all qualify as innovations which, if done correctly, will have a positive impact on your bottom line.

As a consumer and industrial research house, we continually monitor different markets. Undeniably, the biggest current differentiator is product innovation. Those brands that have successfully employed creative thinking, stimulated new interest and their stand-out appeal are netting greater consumer support.

Take dairy cream, for instance. It has generally shown good growth historically, with recent line extensions into sour cream, low fat and double thick cream having sparked renewed interest in the category. This has been supported by several rebranding exercises and the introduction of more sophisticated, resealable packaging options, all of which have bolstered sales. As such, dairy cream is expected to show consistent growth in the medium term, with increases of 3.5% in 2011 and 3.8% anticipated for 2012.

The health benefits offered through food continue to be major consumer draw cards. For example, margarine manufacturers have expanded the niche range of products available for specific medical conditions such as heart conditions, diabetes and obesity as well as increased the vitamin content of their products for younger consumers. In the medium term, innovation in non-portioned ice cream is expected to be centred on the use of natural colorants, reduced sugar content and reduced trans and saturated fat content. Meanwhile, demand for cultured dairy products such as yoghurt continues to increase, with one of the possible reasons being its positioning as it contains natural probiotics that are essential for the maintenance of intestinal flora.

It's clear, manufacturers need to think out the box if they're going to grow their market share going forward and clever packaging, labelling, branding and improved ingredients will hold the key.

ABOUT GARETH PEARSON

Gareth Pearson, CEO and shareholder of BM Research (www.bmi.co.za), is a market research specialist with particular focus in the industrial and FMCG markets in various sectors, including the retail market. He serves as a member of the South African Institute of Packaging's Regional Committee and is involved with the South African Packaging Council. Gareth was responsible for the merger of BM Foodpack and Adcheck Research during 2008. Contact Gareth on tel +27 (0)11 615 7000.

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