

Context of this project

- **The client is a major CPG player in its home market**



- It has established a global base by acquiring well-known brands in a top developed market; McKinsey helped developed growth strategy that has fueled strong growth for the acquired business
- It has extended into additional developed markets as well as a high growth developing market with additional brands

- The client has invested heavily in **R&D** with strong results. They came to us ready to utilize new, potentially breakthrough technologies across its businesses

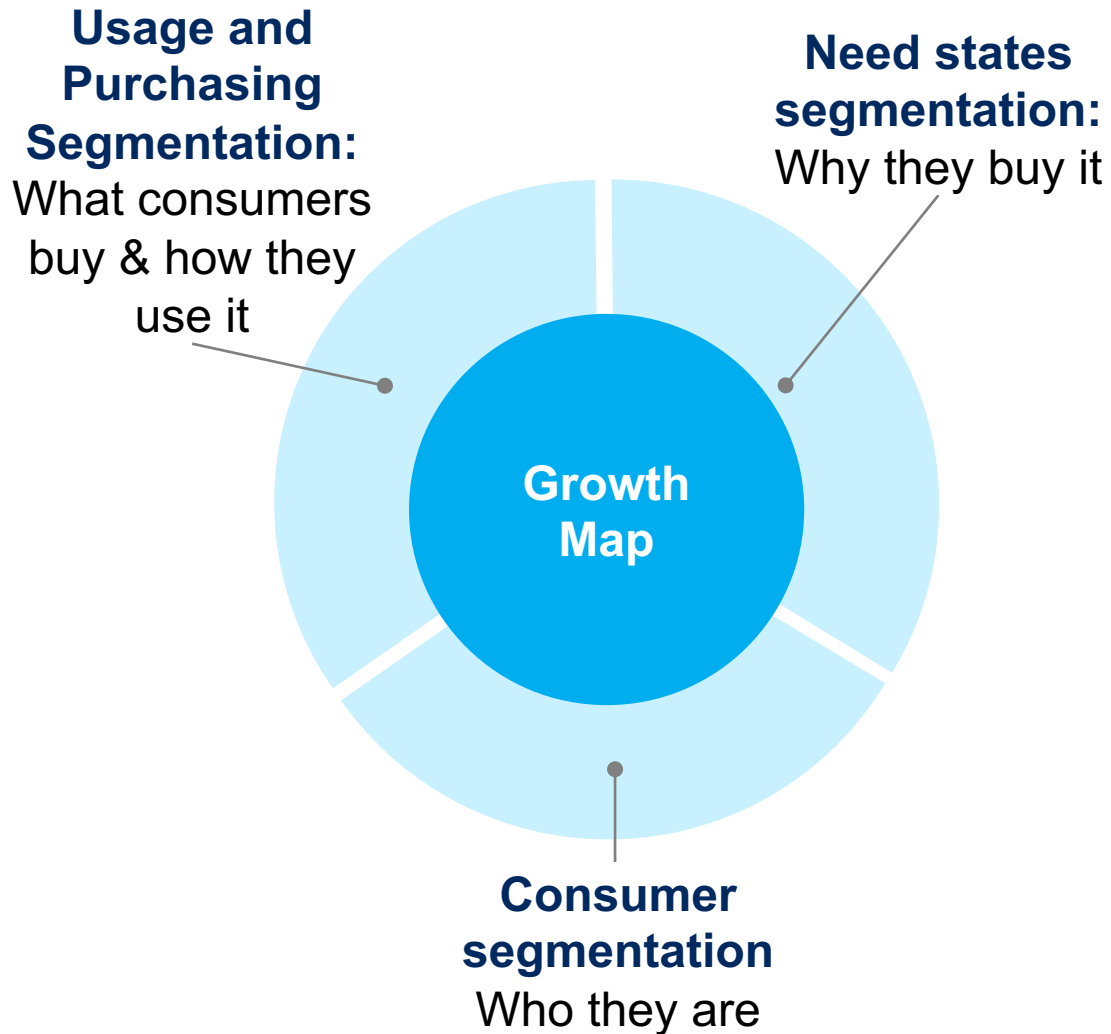
- The combination of its existing footprint, financial strength and these breakthrough technologies points to **high growth potential. Our aspiration: 3x size in 10 years**

- The objectives of our work together are **to define the strategies by geography, construct growth options** to achieve these targets, and **partner to take action** on these options with our clients

Framework for our work: Driving strategic, disruptive innovation

	Define strategies		Construct options		Take action		
	Build insights	Prioritize hunting spaces	Develop & Test	Quantify Opportunities	Develop Prototypes	Test & Learn in-market	Simulate Impact
WHAT	<ul style="list-style-type: none">▪ Advanced analytics connecting consumer behaviors, needs, and attitudes▪ Where new needs are emerging▪ What competitors are vulnerable	<ul style="list-style-type: none">▪ Deep dive into hunting spaces, understand opportunities▪ Preliminary sizing and assessment to qualify most promising spaces	<ul style="list-style-type: none">▪ Design thinking and agile sprints to texturize hunting spaces, develop, and test most promising product propositions	<ul style="list-style-type: none">▪ Simulate potential product launch success, assess company's ability to win▪ Prioritize concepts	<ul style="list-style-type: none">▪ Refine and produce prototypes of most promising concepts	<ul style="list-style-type: none">▪ Small in market tests of prototypes to more accurately determine success factors	<ul style="list-style-type: none">▪ Launch, refine, or drop▪ Repeat
							
CAPABILITIES	<ul style="list-style-type: none">▪ Growth Mapping	<ul style="list-style-type: none">▪ Growth Spaces▪ Simulations	<ul style="list-style-type: none">▪ McKinsey Design (LUNAR, Veryday, Digital Labs)▪ Deep touch qualitative	<ul style="list-style-type: none">▪ Growth Mapping: Scenario simulations▪ CF&S synergy analysis	<ul style="list-style-type: none">▪ McKinsey Design (LUNAR, Veryday, Digital Labs)	<ul style="list-style-type: none">▪ Team execution	<ul style="list-style-type: none">▪ McKinsey Design▪ Growth Mapping: simulations

DEFINE THE STRATEGY: We started with Growth Mapping - an analytical approach that segments and aligns all three key ingredients for growth



What makes Growth Mapping distinctive

Quantitative, behavioral lens provides unique view of market demand

Analytically integrated view for more precise insights on how to capture growth

Quantifies opportunity size based on proprietary modeling approaches

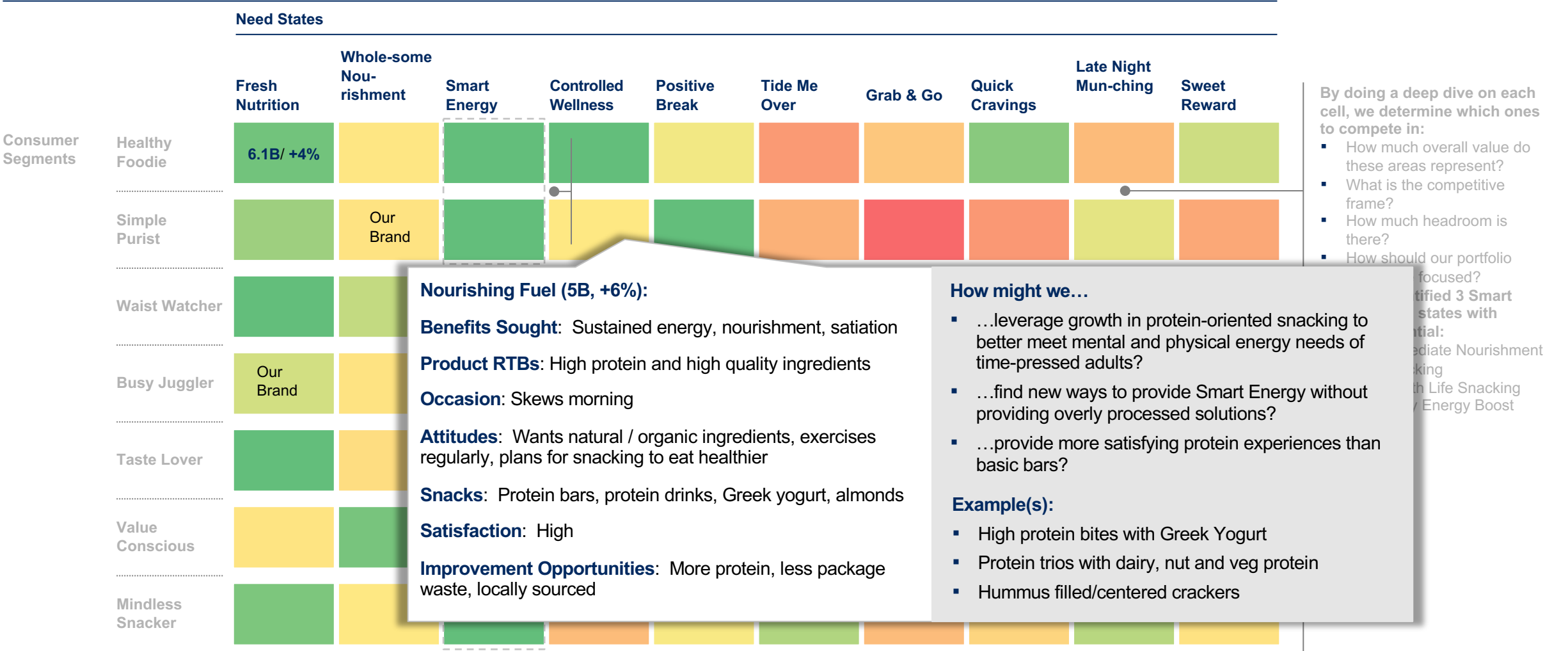
Modular approach allows you select which elements of the approach are most relevant to your needs

Machine learning to deliver faster insights within ~3 weeks after survey close for immediate impact

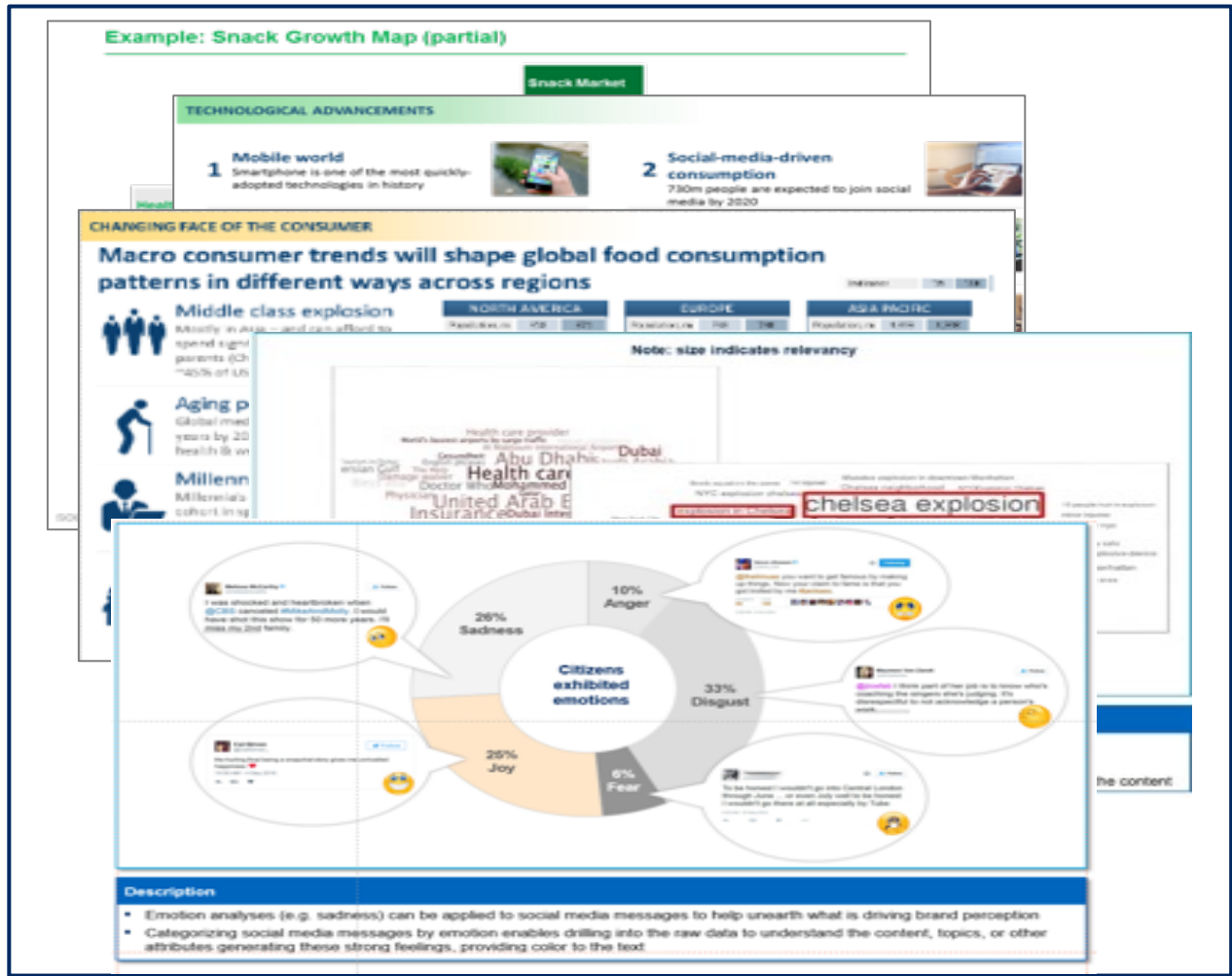
Dynamically integrated with market trends to better “play forward” opportunity

DEFINE THE STRATEGY: Growth Spaces pinpoint best areas to compete in, initiating the development of a consumer back story

Growth in Snacking: Opportunity Matrix



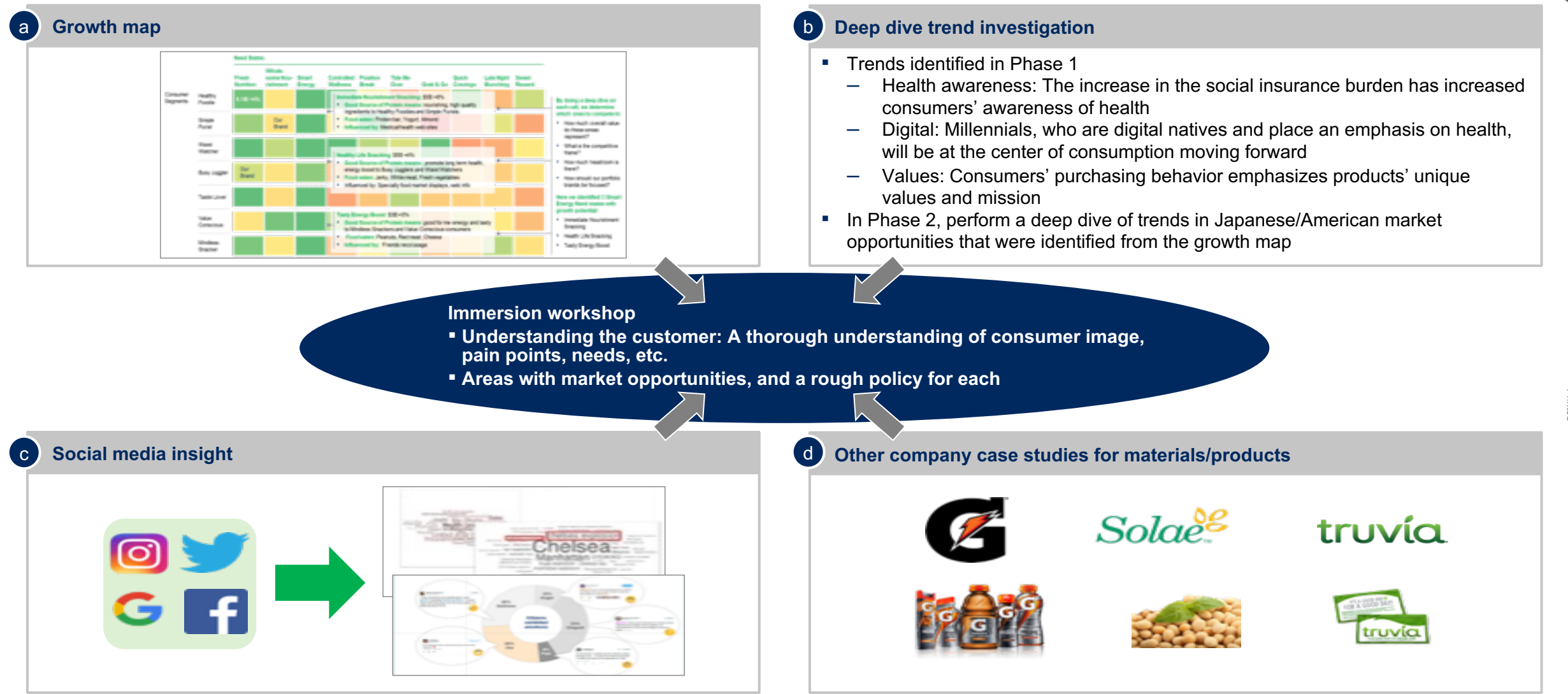
DEFINE THE STRATEGY: Combining with other inputs (e.g., social media), we further developed Growth Spaces



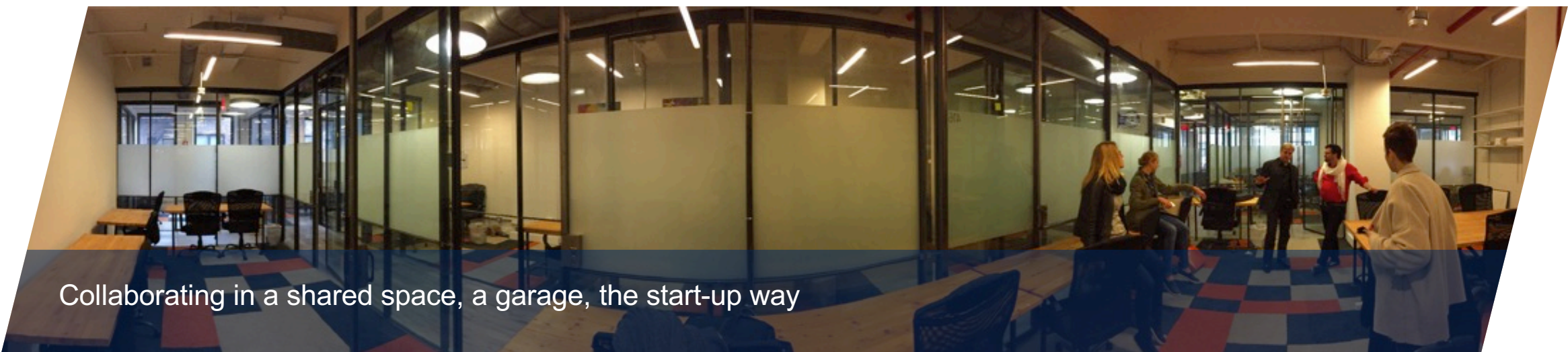
Example: Absorbing energy smartly

Primary target	<ul style="list-style-type: none">▪ Healthy and active people who are busy but always want to stay in the best condition			
Size	<ul style="list-style-type: none">▪ JPY 〇〇〇 oku			
Occasions	<ul style="list-style-type: none">▪ Absorbing energy on the go▪ Consuming alone, rather than with someone▪ Nutrition comes first			
Key needs	<ul style="list-style-type: none">▪ Nutrition▪ Finish quickly with minimal preparation▪ Give energy		<ul style="list-style-type: none">▪ Simple portioning▪ Fits daily routine	
Existing products	<ul style="list-style-type: none">▪ Bars▪ Smoothies▪ Granola/trail mix		<ul style="list-style-type: none">▪ Yogurt▪ Nuts▪ Fruit	
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Products	Price	Channels	Promotions	

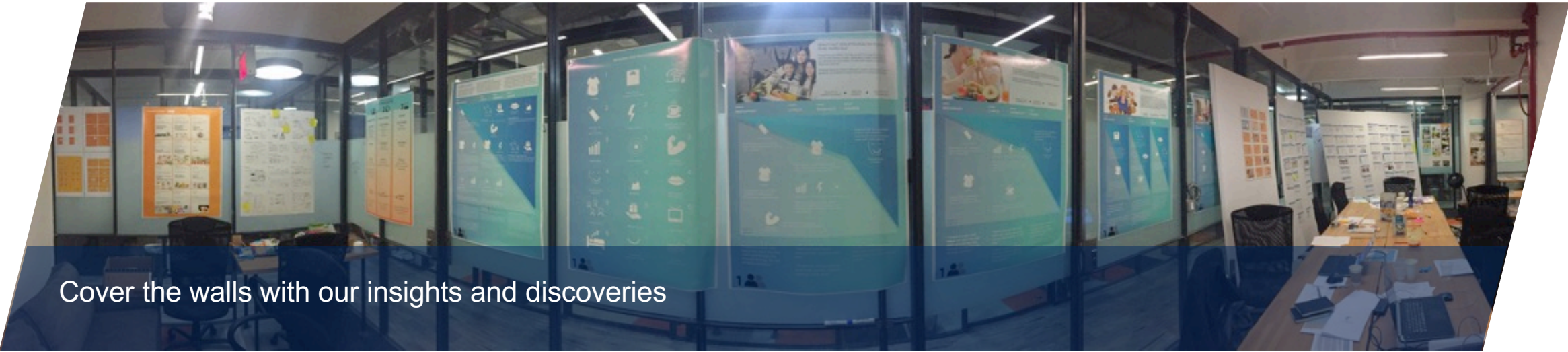
CONSTRUCT OPTIONS: Immersion and Collision workshops built the story quickly and iteratively



CONSTRUCT OPTIONS: Our ‘innovation garage’ is enabling us to embed new ways of working – and rapidly create new ideas

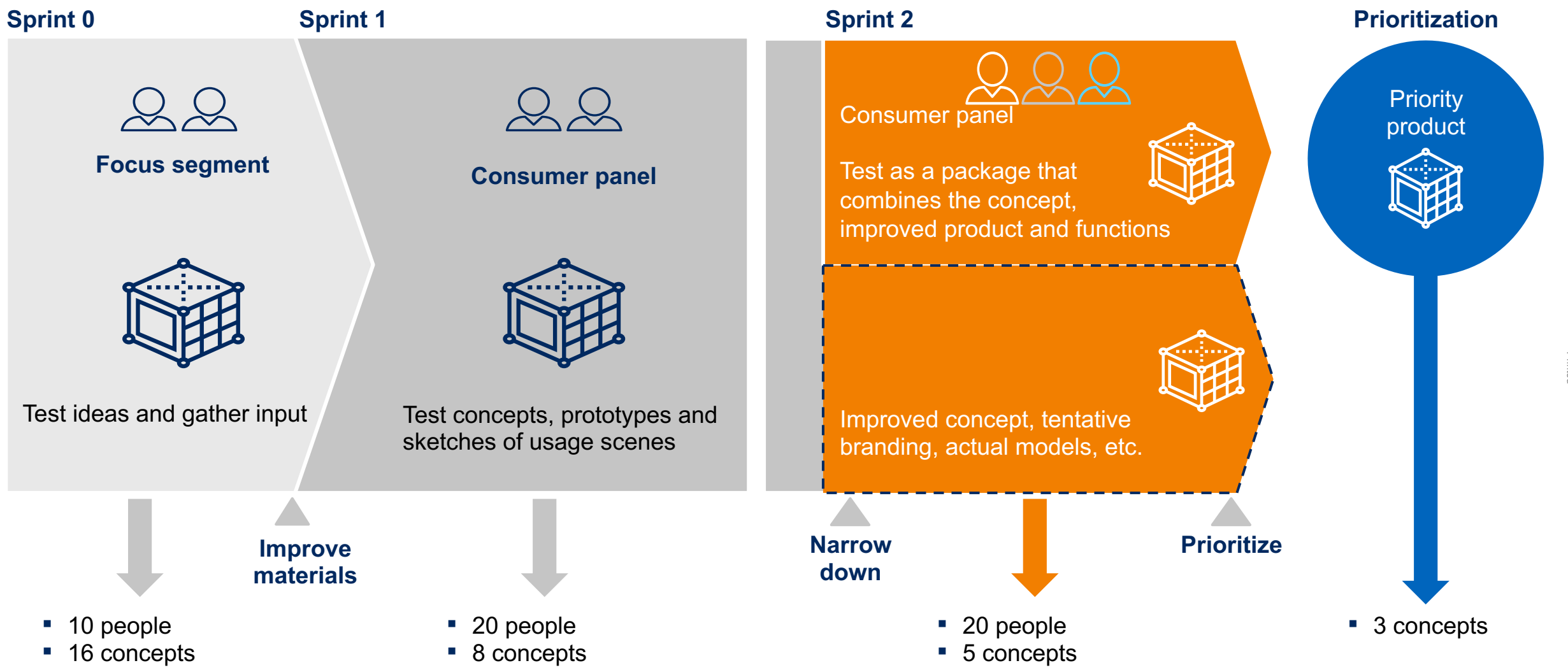


Collaborating in a shared space, a garage, the start-up way

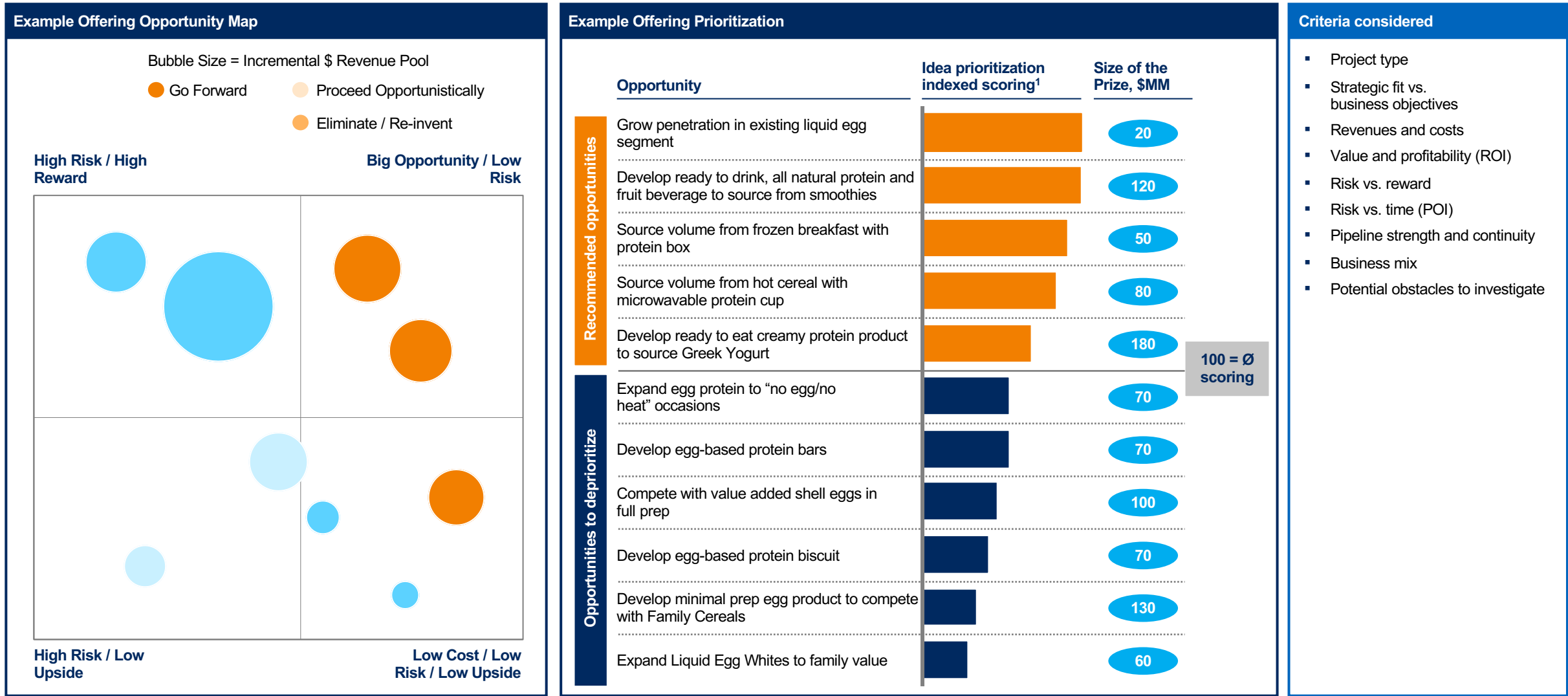


Cover the walls with our insights and discoveries

CONSTRUCT OPTIONS: Sprints are a testing/learning process used to refine ideas by creating concepts and prototypes and testing them with consumers



CONSTRUCT OPTIONS: We evaluated new offerings across multiple criteria to prioritize initiatives



¹ Index based on Category attractiveness (size of prize, category growth potential, consumer needs and product benefits”) and client’s ability to win (internal capabilities and execution risk)

TAKING ACTION: The next phase of our partnership

Intent to partner to support a series of product launches to enable the Firm to bring a full multi-disciplinary team to bear to support growth

Base fees of 40-50% of full fees

Additional payments made based on pre-set milestones (to be refined) – consumer concept acceptance, identification of manufacturing/distribution partners, commencement of manufacturing, sell-in to key accounts, launch and finally first year revenue

Exposure to revenue risk limited to only part of symmetric upside

Strong emphasis on capability building to ensure new product revenue is not the only metric of success for the client

Discussion

Can your clients mesh *innovation agility* with *innovation disruption*?

Are nimbler competitors *opening new doors first*?

Are your clients looking at *only technical superiority* to create competitive advantage?

What else?