

DISRUPTION AND CHAOS

by Jennifer Stewart-Burton

The agri-food system is changing and your organization is no doubt working through the ways to cultivate competitive advantage in an industry that's moving at warp speed.

A lot of the changes seem to be coming out of left field — scientific breakthroughs, consumer preferences, mergers and acquisitions, etc. The marketplace continuously looks different.

But disruption and chaos in the marketplace isn't necessarily always a bad thing, said **Mike Boehlje**, with Purdue University's Center for Food and Agricultural Business. There could be opportunities for organizations that understand the types of disruption happening and are open to evolving.

CHAIN REVERSAL: FROM SUPPLY TO DEMAND

As consumer preferences change, so does the direction of the value chain. Rather than simply supplying goods and hoping for demand, the chain is reversing to a model that produces to meet demands. The organizations best poised to make the most of this reversal are those willing to talk to end-users.

"Ask consumers what they do and don't want and be willing to think about it," Boehlje said. "Have an awareness of what people value and what they are willing to pay for."

But, he said, don't take it too far.

"Many innovations come unexpectedly. Don't go to the extreme and stop researching. Just be willing to ask questions before making the big investment."

For internal business operations, that means making sure the organization has a collaborative environment where various areas can help one another assess decisions, such as sales and marketing communicating with research and development.

CUSTOMIZED AND PERSONALIZED CONSUMPTION EXPERIENCES

While food safety is a given, quality and experience expectations vary

among consumers. For example, people dining in a white tablecloth restaurant will have different expectations than those eating at a fast food establishment.

Add in credence preferences, such as fair trade, organic, or animal production practices, and consumer expectations have become more complex. Consumers are more interested than ever before in how food is produced, from start to finish.



"People consume food with a different mindset than in the past," Boehlje said. "It used to be that consumers sought safe, cost-effective foods. In today's marketplace, we've really changed the dimensions of what consumers are looking for. Organizations throughout the production and distribution chain — from seed distributors to food processors — need to understand how their firms contribute to what consumers are after."

FROM EFFICIENCY TO LINKAGES AND SYSTEM PERFORMANCE

Firm efficiency is important, but now firms also have to consider how their entire value chain is going to offer these personalized consumption experiences. It has to start from the very beginning of the supply chain, because once production begins, there's no way to change raw ingredients from one credence or production attribute to another.

"You can't take conventional grain and process it into organic," Boehlje said.

BIOLOGICAL MANUFACTURING

Science and technology have become a large focal point of the food and

agribusiness sectors recently, especially on the seed side of the business. Biological manufacturing now allows for enhanced plant and animal growth, and technology has allowed for more precision production practices through field monitoring, measuring and sensing. Not to mention advancements in process control systems, such as reducing plant stress through high-tech irrigation systems or multiple applications of nitrogen during the growing season.

According to Boehlje, advancements in all of these areas are valuable and complimentary.

"When growers can figure out how to reduce the impacts of drought, bugs or nutrition deficiencies in real-time, they have more control over the growth process," he said. "There are now systems available to apply fertilizers or pesticides as needed only in the areas where they are needed. Taking all of these technologies and using them to leverage each other improves their efficacy and efficiency."

DIGITIZATION OF EVERYTHING

Finally, digitization has become a disruption within the food and agribusiness sectors. Where competitive advantage used to be primarily hard assets and physical resources, it is now data and information, Boehlje said.

"We've moved into a time when the firms with the best and most accurate data, traceability, etc., are the ones with the advantage," he said.

ASTA MANAGEMENT ACADEMY

Learn more about disruption and chaos at the ASTA Management Academy, March 5-9:

<http://agribusiness.purdue.edu/ASTA-18>. **AM**

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