

# 2

## Concept development

### Aim

To explore the nature of demand for food and beverage products through the application of a systematic approach to the development of the consumer–product relationship.

### Objectives

This chapter is intended to support you in:

- Adopting a systematic approach to the development of a consumer product relationship
- Further identifying and appraising key issues associated with the nature of demand for food and beverage products
- Exploring the importance of market segmentation
- Developing the process of idea evaluation and understanding its relationship with concept development
- Setting organisational goals and objectives.

## 2.1 Developing a consumer–product relationship

In Chapter 1 we introduced issues regarding the nature of products, sectors of the industry, the nature of demand and the nature of the food service product. This chapter extends this material and proposes that a systematic approach needs to be adopted, in order to be effective in identifying the key issues, which shape the nature of demand for food and beverage products and create the consumer–product relationship.

Literature concerning consumers and markets is readily available, and much of it applies specifically to food and beverage operations. The literature explores the nature of demand for products from different viewpoints. These viewpoints include marketing, psychology, anthropology, economics, sociology, geography and social psychology.

### ■ Considering the consumer

Consumers of food and beverage products are increasingly sophisticated, complex and dynamic. Psychology, sociology, social psychology, geography and anthropology all identify the behaviour of individuals and groups in an attempt to understand the human condition, and relate to the consumer through the examination of human needs, wants, demands, goals and values. Economics focuses on the examination of the human condition as it relates to the commercial and business world through the examination of the allocation of scarce resources and the link between supply and demand. Marketing focuses on the human condition as it relates to products, i.e. the study of the consumer. Kotler *et al.* (2016) explain that marketing is managing markets to attract profitable customer relationships through identifying their needs and designing good product offerings. The consumer is the actual link. Without the consumer there is no link between the human needs and food and beverage products. A product is simply a consumer's satisfied need.

People who do not consume are not consumers. However obvious or trite this statement might appear it does eliminate the possible confusion between a consumer and a non-consumer. For example, families who eat four times a year in a motorway service area are consumers of the motorway service area food and beverage product, even if they rarely consume this product. They are potential consumers of many existing and future food and beverage products but at present are consumers of only one product from a vast range available, but are not consumers of the rest. They may have an unsatisfied food and beverage need, but a product is unavailable to them as yet which may satisfy this need.

When consumers are discussed they are often addressed as large groups comprising millions of people, which they are when all added together. But when

consumers are examined in detail they are certainly not homogeneous; they consume, or choose not to consume, millions of products in a very dynamic and rapidly changing way. They are individuals who group together to form a market for a particular product. This market grouping may range from 300 people, as in a small rural exclusive restaurant, up to and beyond 300 million people for world-branded products like McDonald's. It is also true that the same consumers will group together at different time depending on the needs they have at the time. The question for food and beverage managers is: Who do we want our consumers to be?

Managers may say that their consumers are the same as the consumers they want them to be, i.e. 'We have achieved our objective of creating a consumer that fits our product.' However, even if such a desirable state exists, the nature of the consumer is continually changing and as such management need to understand their consumers and how changes are taking place, which affect consumers' choices. It is a clear argument for the establishment of a customer-oriented business. The first key issue in the framework is therefore centred on consumers.

## ■ Considering the product

The key issues concerning the nature of demand for food and beverage products are identified using a well validated, if somewhat oversimplified list of questions:

- Who are the consumers of the food and beverage product?
- What food and beverage product do they want?
- Why do they want a food and beverage product?
- When do they want a food and beverage product?
- Where do they want a food and beverage product?
- How do they obtain a food and beverage product?

These questions can be explored individually, but only one is key: What products do consumers want? Who, why, where, when and how are all part of the product and are inherent in answering the question as to the nature of the products consumers actually want. The second key issue in the framework is therefore centred on the product.

### Activity:

Think of one example of a recent innovative food and beverage concept and analyse the following:

- Unique selling point of the concept.
- Target market for the concept.
- What impact has it had on the wider industry?