The ‘servitization of manufacturing’ inside big organizations: the CucinaBarilla case

Amsterdam, 18 April 2018
• Intro

• The reason why for disruptive innovation

• The CucinaBarilla case

• Challenges, opportunities and further thoughts
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Matteo Gori
CucinaBarilla Managing Director

- Economics, International Relations & Strategy Consulting
- 10y in Barilla, within Marketing & Innovation
- The last 6y on CucinaBarilla
Well established brands in many product categories
Turnover and geographical areas

3.416 MILLION EUROS NET SALES (2016)

55% Meal Solutions

45% Bakery

45% • Italy •
30% • Europe •
20% • Americas •
5% • Asia, Africa & Australia •
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What made Barilla the FMCG player of today
Long-term changes in lifestyle and cooking

1988

2018 (thinking of 2048)
Sometimes, small is nice

**Smaller Companies Are Taking Share from Their Larger Peers**

**NORTH AMERICAN FMCG SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (billion)</th>
<th>CAGR (%)</th>
<th>Share change (percentage pts.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>57.2</td>
<td>2.8</td>
<td>1.2</td>
</tr>
<tr>
<td>2016</td>
<td>54.1</td>
<td>1.2</td>
<td>-3.1</td>
</tr>
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**2011–2016**

Company size:
- **Green**: Extra small
- **Light blue**: Small
- **Light green**: Midsize
- **Teal**: Large

**Sources:** IRI Liquid Data database, 2011–2016, covering multi-outlets and convenience stores. IRI Consulting analysis.  
**Note:** FMCG = fast-moving consumer goods. M&A is accounted for in company size categorization. Extra small companies have annual sales of less than $100 million; small companies, from $100 million to less than $1 billion; midsize companies, from $1 billion to less than $5.5 billion; and large companies, greater than or equal to $5.5 billion; excludes private label sales.
The ‘servitization’ through Base&Refill models
A strange (and new) consumer need

I don’t have the **time** / the **will** / the **know-how** to cook as much as I would love to. But I appreciate freshly cooked quality food.
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2009: Innovation team set-up

2010: first CB idea

2011: initial contact with Whirlpool

2012: formal Whirlpool partnership

2015: launch in Italy
A team located where it was right

Barilla HQ, Parma (Italy)

R&D

Business & Corporate functions
It’s the first **base/refill food system worldwide** that comes from the collaboration between Barilla and Whirlpool and is formed by:

- **Recipes** prepared by Barilla in kits containing pre-dosed ingredients and the information for the preparation

- A special Whirlpool **oven** able to recognize the ingredients of the kit and cook them on its own
AUTOMATIC WATER DOSING SYSTEM

RFID (Radio Frequency IDENTIFICATION) READER
Nothing preloaded into the Oven
The CucinaBarilla Kits

CARNAROLI RICE

SAFFRON SAUCE
The CucinaBarilla Kits

Endless POSSIBILITIES
...and it’s always delicious

WATER DOSING

TIME AND TEMPERATURE

PERFECT QUANTITY AND QUALITY
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NEW SUBSCRIPTION MODEL

CucinaBarilla oven
Loan for use

9 kits per month
delivered at home

Subscription lasts for 18 months
49 € delivery cost for the oven

= 30 € PER MONTH
Subscription Archetype

Building, maintaining, and supporting ongoing use of a product, rather than a one-time sell. Customers pay a monthly subscription service and benefit from continued improvements.

Source: Neal Cabage, «The Smarter Start-up»
“The foundation is being set for a world where virtually any operational function — from logistics to manufacturing to engineering — can, with the right effort, be performed equally well inside or outside an organization”

Source: “Core Competency 2.0: The Case For Outsourcing Supply Chain Management”, Carlos A. Alvarenga and Pancho Malmierca
Unilever's VP of marketing: ‘working with startups isn’t an optional extra, it’s a strategic imperative’

By Rebecca Stewart
14 September 2017 17:28pm

337 Shares

"Day 2 is decline followed by death. That is why it is always Day 1."
- Jeff Bezos, Amazon
Service, rather than product

Changing the consumers’ lifestyle and daily habits
Timeframe & Size, combined with Uncertainty
Capabilities & Partnerships:

Selection, management and development of “partners”, not “suppliers”
The entrepreneur and the management: How to support ‘disruptive innovation’ within your role
From a FMCG product to a targeted service
“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn”

*Alvin Toffler*
Grazie!

#CucinaBarilla
www.cucinaBarilla.it

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