

# FOOD PROCESSING

2006

Annual R&D Study

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## Methodology

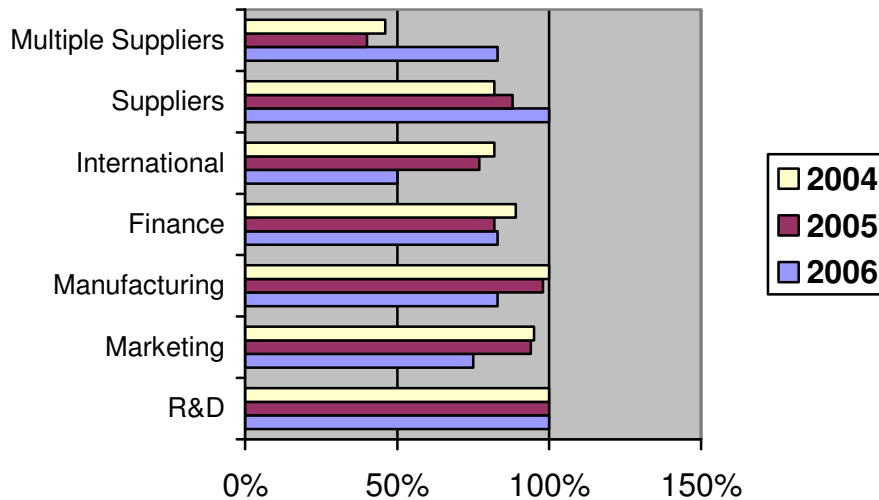
This annual study is mailed to vice presidents of research and/or R&D, research directors, directors of quality control/assurance and managers of specific research projects. Selections were made based on Food Processing's Annual Top 100 Food Companies.

Mailed .....	July 2006
Quantity Mailed .....	125
Quantity Returned.....	65
Rate of Return .....	48%

The following data compares three consecutive years of research, allowing for analysis of the changes taking place in the food processing R&D community.

### 1. Who is on the R&D/product development team?

	2004	2005	2006
R&D	100%	100%	100%
Marketing	95%	94%	75%
Manufacturing	100%	98%	83%
Finance	89%	82%	83%
International	82%	77%	50%
Suppliers	82%	88%	100%
Multiple Suppliers	46%	40%	83%

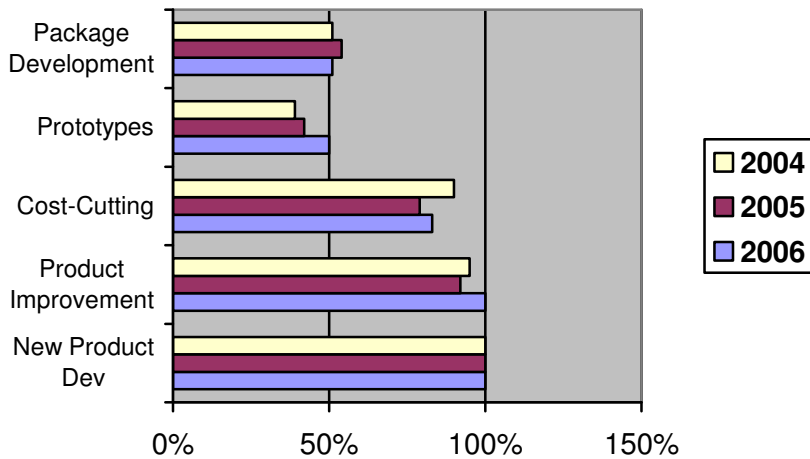


Suppliers continue to play an increasingly bigger role in new formulations in the food industry.

2. R&D/product development teams in the food industry are used for the following tasks:

	2004	2005	2006
New Product Development	100%	100%	100%
Product improvement	95%	92%	100%
Cost-cutting	90%	79%	83%
Prototypes*	39%	42%	50%
Package Development	51%	54%	51%

\*Prototyping can be through the pilot plant, off-site, or first plant runs.

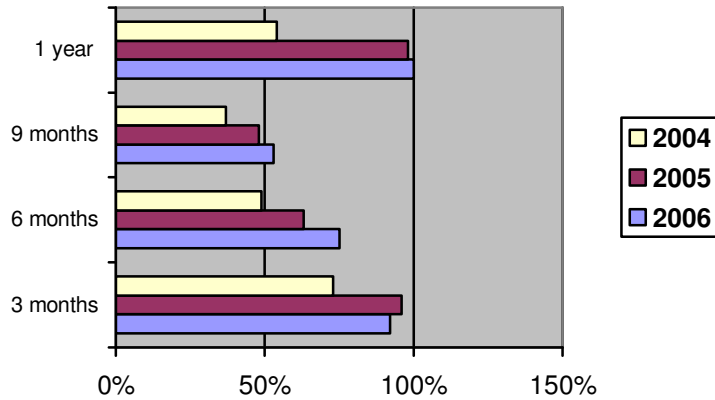


3. What do you see as the biggest trends over the next 5 years?

	2004	2005	2006
Natural	42%	81%	100%
Functional Foods	99%	100%	100%
Low Carb	80%	73%	83%
Fortified Foods	99%	94%	80%
Ethnic Foods	66%	55%	66%
Reduced fat	56%	33%	25%
Microwavable	51%	23%	10%

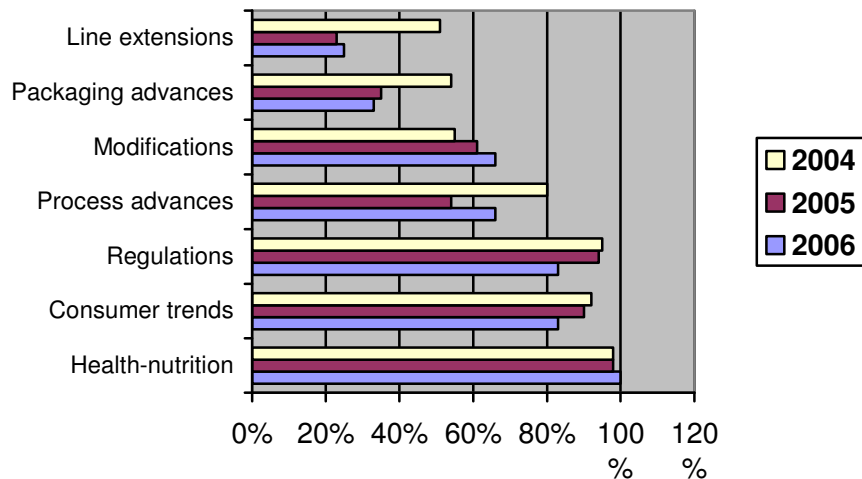
4. At least one new product was needed in:

	2004	2005	2006
3 months	73%	96%	92%
6 months	49%	63%	75%
9 months	37%	48%	53%
1 year	54%	98%	100%



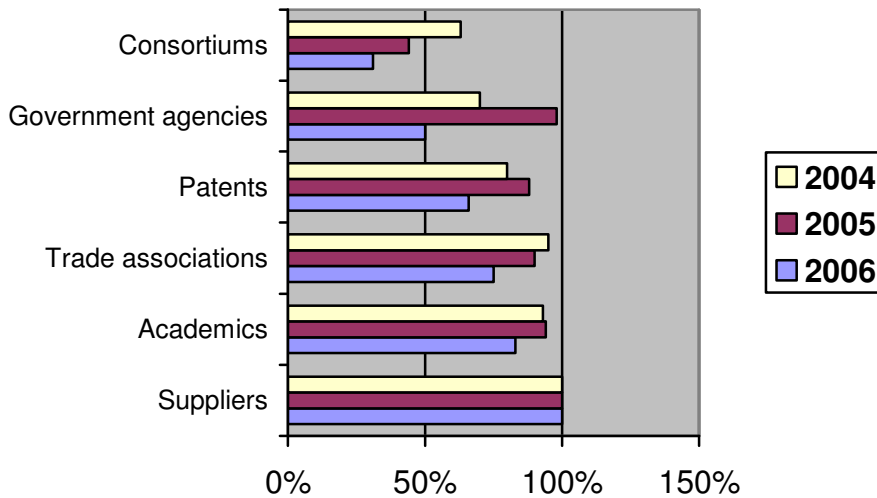
5. The top issues research departments monitor:

	2004	2005	2006
Health-nutrition	98%	98%	100%
Consumer trends	92%	90%	83%
Regulations	95%	94%	83%
Process advances	80%	54%	66%
Modifications	55%	61%	66%
Packaging advances	54%	35%	33%
Line extensions		51%	23%



6. Where do you get information?

	2004	2005	2006
Suppliers	100%	100%	100%
Academics	93%	94%	83%
Trade associations	95%	90%	75%
Patents	80%	88%	66%
Government agencies	70%	98%	50%
Consortiums	63%	44%	31%



This study clearly identifies suppliers as partners in the food processing industry with health, nutrition and consumer trends being top of mind. As a supplier to the food industry, you should note that your voice can make a difference on whether or not new products and line extensions are developed. As with many industries, the companies you call on are doing more with less; making trusted suppliers even more important in the decision making process.

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