General Mills Leverages External Partnerships to Grow Its Convenience Business

General Mills Worldwide Innovation Network

Ever sunk your teeth into a moist, chewy Betty Crocker Caramel Brownie? If you crave this delectable, on-the-go treat, then you're part of the growing number of consumers who purchase snacks in convenience stores on any given day. Can't get enough of Chex Mix Muddy Buddies Snickerdoodle snack mix throughout the year? That's right — outside of the holiday season, you won't find this sweet and salty treat in your local supermarket. These popular snacks are just a couple examples of General Mills products that were developed specifically for convenience stores.

While General Mills is well-known around the world for its familiar products available on grocery store shelves, it's a lesser known fact that one of its key businesses is the Convenience & Foodservice division, which delivers the company's famous brands to on-the-go consumers in convenience stores, schools, hotels, hospitals, restaurants and bakeries throughout the United States.

Over the past five years, General Mills has transformed its $2 billion Convenience & Foodservice business to significantly improve its profitability and grow market share. One way the division has done so is by focusing on bringing innovative new products to key growth channels, such as convenience stores. In fact, this focus is illustrated by the division's recent name change from Bakeries & Foodservice to the

new Convenience & Foodservice name.

“Seven of the 10 fastest growing categories in convenience stores are food and beverage categories,” says David Wilson, marketing manager for General Mills Convenience. “As our division’s recent name change suggests, we’re placing a greater focus on our convenience store business. Food products, and snack foods in particular, are becoming an increasingly important contributor to channel sales and profit, and we want to grow and innovate quickly to deliver remarkable products to the increasing number of consumers who purchase snacks at a convenience store.”

One of the key strategies to bringing innovation to the convenience-store channel is leveraging external partnerships through open innovation. Since formally adopting its open innovation strategy, known as the General Mills Worldwide Innovation Network (G-WIN) [1], in 2007, General Mills has connected with numerous outside partner companies to help introduce some of the company’s most successful new products, such as Fiber One 90-Calorie Brownies and Nature Valley Protein bars.

“Leveraging external partnerships to help us innovate effectively and efficiently is an inherent part of what makes us successful in the c-store channel,” explains Lynn Choi Perrin, a senior scientist for General Mills. “Due to the unique business model and product distribution for the c-store channel, new product launches start relatively small in comparison to a traditional U.S. Retail launch, and then grow year over year. This exponential approach to new product launches is why our division relies heavily on our external partners who are willing to scale with us over time.”

In fact, Perrin explains, nearly 100 percent of all General Mills’ new product innovation specific for the convenience-store channel is facilitated with the help of outside partners. For example, two brand new products, Chex Chips and Nature Valley Nut Clusters (both launching in January 2014), were fueled by open

innovation. The General Mills Convenience team tapped the expertise of an outside partner company to help source the ingredients for Chex Chips, and the product is produced by a co-manufacturer who has more flexibility of scale than General Mills' own production facilities. Nature Valley Nut Clusters are also a testament to the value of external collaborations, as the format and recipe were developed in partnership with a co-manufacturer that possessed the specific expertise to bring the product more quickly to market.

"It's critically important that we form win-win, creative partnerships to help us grow in this channel, and allow our partner companies to grow, too," Perrin says. "Our collaborations go far beyond, 'Can we run our product on your line?' Instead, we look for true innovators who are willing to partner with us beyond production to build our brands and mutually benefit our businesses."

General Mills Convenience connects with external partners through a number of touch-points, such as trade shows, supplier referrals and the G-WIN online portal. In many instances, the team looks to existing partnerships to help with additional new projects. Such was the case with the launch of Betty Crocker Caramel Brownie in June 2013. The General Mills Convenience R&D team had developed a winning formula for the brownie; however, General Mills' in-house production lines did not have the capability to bake it. So the team reconnected with a partner company with whom they'd collaborated previously on another baked product to bring the Betty Crocker Caramel Brownie to fruition.

To learn more about the innovative products available exclusively in the convenience-store channel, visit www.generalmillsconvenience.com [2]*. To learn more about the General Mills Worldwide Innovation Network, visit www.generalmills.com/win* [1]*.*

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