

National Assessment Report

Federation of Portuguese Agro-Food Industries

Summary of all contacted stakeholders, Food and Drink branch associations and SMEs

The table below shows the distribution of corresponding companies in relation to the specific subsector they represent..

Sector	Answers
Milling and Pasta Industries	2
Traders and Producers of Food Products	30
Ice-Cream Industries	1
Dairy Products Industries	15
Soft Drinks and Fruit Juices Industries	4
Brewery Industries	1
Natural Mineral and Spring Water Industries	3
Olive Oil	8
Margarine and Food Oils Industries	1
Total	65

Global view of Questionnaire results

There is a notable heterogeneity within the group of corresponding companies. The scope of activity of the companies varies greatly as do their dimensions, markets and competitors. Innovation, when it occurs, is often provoked by legal demands and the following of a leading player's products but scenarios of innovation in processes provoked by cost savings or efficiency are also present.

Certification (principally but not exclusively QA certification), training / seminars and trade associations appear as the principal dynamising elements amongst the group of companies contacted. Certification demands that processes and practices (including the level of training / education of the staff) are questioned, revised and altered. This process brings a necessary improvement in formal knowledge of the processes but serves only to allow companies to innovate up to the same level as competitors. Trade associations are seen as valid sources of information and coordination which is critical to the innovation process.

Innovation is often cited as a factor which is only available to large companies and multi-nationals. Certainly food companies with less than 10 workers would be considered definitely outside of this innovation environment.

Competitive environment

The SME's contacted appear, largely, to be concerned with product quality particularly in those companies with niche-market products eg. Olive oil, traditional cheeses and traditional pastry products.

The increasingly open and competitive market has led the companies to concentrate their energies on factors which cause a short-term stabilisation or increase in turnover. This "reactive" tendency is further aggravated by the increasing concentration of outlets for food products (essentially large supermarket chains) and the concurrent reduction in the number of small, independent outlets. In this context innovations are normally little more than imitations of market leaders or else upgradings of existing processes.

Current innovation activities

It is very rare for Portuguese food companies to possess departments dedicated to innovation or R&D. That experimentation or new formulation which is undertaken will usually happen in the quality laboratory and, as mentioned above, essentially centred on following successful models from other producers. Training is seen as an important stimulus to development of companies – including in innovation. The fact that high quality training programmes are rare outside of the main cities is a source of some frustration.

Quality and Environmental certification is well established in the Portuguese food sector, as is the implementation of Food Safety systems (certified or otherwise). These Certifications, many of which have been stimulated by state-coordinated financial incentives, have been very important in the general restructuring and modernisation of industry. A side effect of this process has been an increase in the willingness to hire graduates within the industry and also to use external consultants - both are positive indicators in the general preparation of companies to embrace innovation.

The questionnaire results indicate that innovation and brands / branding are often considered as synonymous, an indication that innovation is only perceived to exist at the level of the final product.

Evaluation of needs and priorities in innovation and technology

The cited research areas are generally seen as being appropriate and having potential to add value to companies' activities, however the SMEs contacted showed some difficulty in identifying direct applications in their operations. Even though great care was taken in the translation of the technical terms used in the Questionnaire, many corresponding companies showed a marked ignorance of some of the technical terms used. In general new techniques and technologies are seen as the most immediately applicable output of research, particularly when applied to quality and acceptability improvement.

The use of performance indicators varies greatly within the sectors questioned. These are, however, more generally applied when some external stimulus obliges it. Such

stimuli might be legal demands or a particularly competitive environment. Some lack of technical and strategic sophistication is also suggested by the reluctance to share resources and information with partners/competitors.

Sources, resources and obstacles for innovation

Research centres and University departments dedicated to research and teaching in the agro-foods area are a relatively recent development in Portugal. Certainly it is only over the last 20 years that the country began to develop a significant output in this area. Most significant organisations are located in the major centres of Lisbon and Oporto, although new and dynamic Universities in Braga and Aveiro have had considerable recent success, in part due to their proximity to food producing regions.

Portugal participates in many European networks for the promotion of innovation both generally and in particular for the agrofood sector. Much of the coordination of these activities is centred on a state owned company “The Innovation Agency” which also is responsible for the application of a number of incentives programmes from the Ministry of Science and Higher Education.

Specific incentive programmes include

- a) Incentives for training programmes (European Social Fund [ESF]) Ministry of Economy, Ministry of Agriculture, Ministry of Employment and Professional Training.
- b) Fully financed external training programmes (ESF) Ministry of Economy, Ministry of Agriculture, Ministry of Employment and Professional Training.
- c) Specific fiscal benefits for investment in R&D and Innovation activities (Ministry of Science and Higher Education).
- d) Incentives for the employment of PhDs and Masters graduates in industry (Ministry of Science and Higher Education).
- e) Incentives for the installation of R&D and Innovation resources within companies (Ministry of Science and Higher Education).
- f) Financial contributions for specific collaborative research projects between Universities/ Research Institutions and companies (Ministry of Science and Higher Education).