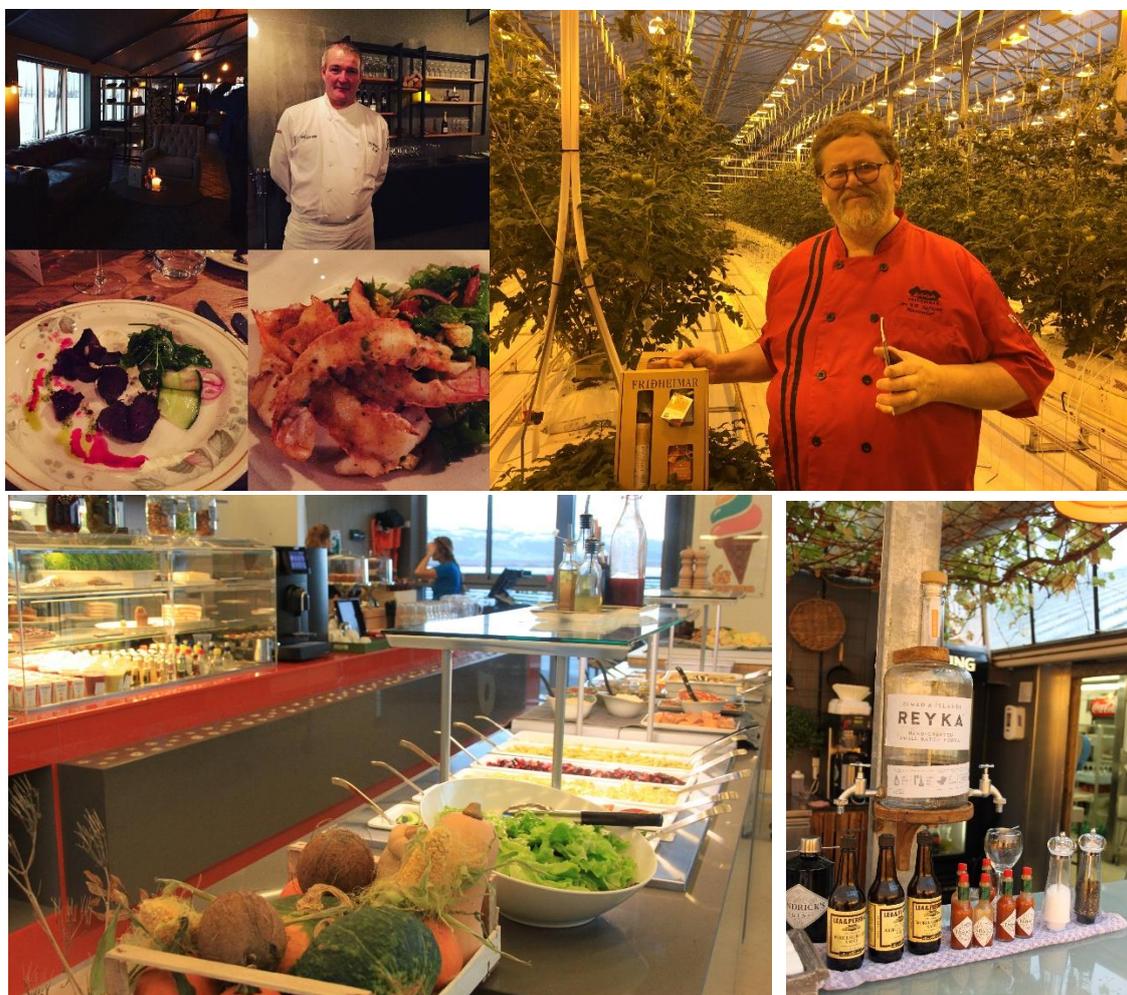


# “LEARN TASTE EXPERIENCE” INNOVATION & BUSINESS DEVELOPMENT

LEARNING JOURNEY, ICELAND OCTOBER 2016



## Scottish Crew

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## Introduction

It is generally accepted that smart businesses understand the importance of innovation and product development to achieve economic advantages. The task set for the Business Innovation and development group was to assess how forward thinking businesses are responding to the challenge of meeting customer needs and to identify any ideas that may be relevant to organisations back in the UK. In addition, the group also shared experience from their own organisations in the UK and where relevant made suggestions for improvements for the relevant Icelandic business.

## Background and Our Approach

Our approach to this project was to modify the approach used by City Initiatives for Technology, Innovation and Entrepreneurship (CITIE). This is the product of a partnership between Nesta, Accenture and the Future Cities Catapult. The CITIE framework looks at three core areas of which they ask three key questions within each area to determine the level of innovation within cities. The CITIE framework is a diagnostic tool that captures data points for a city region. This is supplemented with qualitative data from interviews, to generate a snapshot of the areas of relative strength and weakness in a city region's capabilities for stimulating innovation and entrepreneurship.

These capabilities are organised into nine distinct roles the city can play. It is intended that the CITIE framework helps organisations and government to recognise areas for improvement. We have adapted this model and its nine distinct roles and filter the framework into nine new questions to determine the level of innovation and development within each of the six rural businesses visited as part of the "Learn Taste Experience" learning journey to Iceland (#LTE16).

Recognising that innovation could not be fully determined by a technical score against a framework an overall "sense of experience" score for each business was also assessed. The scoring system ranged from between 1 and 10 for each area aspect assessed and was scored as a collective following a discussion involving all individuals within the project group.



Background reading:

<http://citie.org/stories/launch-citie-scotland-analysis-new-report/>

<https://www.wazoku.com/everyday-innovation/>

<http://www.paconsulting.com/our-thinking/innovation-research/pas-innovation-report-2015-usa/>

## The Rural Business Innovation Framework (RBIF) key questions



### **Openness:**

Do you actively network and collaborate with other businesses in your area?

How do you use customer feedback to develop your products/services?

What do you see as your most innovative features and how do you promote them to others?

### **Infrastructure:**

How has the businesses used the resource/space it has to create opportunities?

How you encourage your staff to become/be more innovative?

How has digital impacted on your business and are there any barriers?

### **Leadership:**

Do you have a clear direction of where you (or your business) want(s) to go in the future/long term?

What support services are available and how easy it is for businesses to access these?

How are you future proofing your business?

|   | Openness  | Infrastructure   | Leadership  | Overall Experience   | Overall         |
|---|---|--|---|--|-----------------|
| <b>Fontana Spa</b><br><a href="http://www.fontana.is/">http://www.fontana.is/</a> | <ul style="list-style-type: none"> <li>• Ad-hoc</li> <li>• Community Involvement</li> <li>• Strong USP – Bread Making &amp; Outdoor Spa</li> </ul>  | <ul style="list-style-type: none"> <li>• Growth Ambitions - <ul style="list-style-type: none"> <li>○ Planning poolside bar</li> <li>○ Lockers Extension</li> </ul> </li> </ul> <p>Top Down ideas – little staff involvement.</p> | <ul style="list-style-type: none"> <li>• Short to medium term plans</li> <li>• Moving/driftng with Market Demand</li> </ul> | Unique & Memorable Experience – Modern, Clean, Fresh and Pleasant. Good Attention to detail. | Highly positive |
| <i>Comments</i>   | <i>Great example of a multi-use facility which caters for different markets. Locals utilise the café and spa facilities as well as visitors – the facility is also not restricted by seasonality issues. Although a great example of innovation – the natural geysers are not replicable in the UK however there are lessons to be learned from how Iceland has led the way in terms of utilising alternative energy sources particularly geothermal.</i> |  |   |  |                 |
| <i>Images</i>   |   |  |   |  |                 |
| <b>Scoring</b>  | <b>6</b>  | <b>5</b>   | <b>5</b>  | <b>8</b>   | <b>24/40</b>    |

|  | Openness   | Infrastructure   | Leadership  | Overall Experience   | Overall         |
|--|--|--|---|--|-----------------|
| <b>Efsti Dalur Dairy Farm</b><br><a href="http://efstidalur.is/">http://efstidalur.is/</a> | <ul style="list-style-type: none"> <li>Strong family network with key roles</li> <li>Informal networking but were part of dairy cooperative.</li> <li>Local food network/partnerships</li> <li>Food chain openness – provenance.</li> </ul>  | <ul style="list-style-type: none"> <li>Very good use of space</li> <li>Investment strategy was impressive – and ongoing.</li> <li>Weren't prepared to compromise on quality to increase volume</li> <li>Adherence to digital technology was there but relatively low-key.</li> </ul> | <ul style="list-style-type: none"> <li>Real strength in succession planning.</li> <li>On-going development to their product range – Self catering accommodation.</li> </ul> | <ul style="list-style-type: none"> <li>Fun, Creative &amp; Welcoming – 'Feel Good' factor.</li> <li>Would want to share this experience with others – I.e. Re-visit.</li> <li>Personal experience.</li> <li>Authenticity.</li> </ul> | Highly positive |
| Comments   | <p>As well as demonstrating great innovation at their farm, this dairy farm told the story of the food chain. The business took all their products from their own produce or local suppliers and focused on the provenance of their food, they turned their farm into a visitor attraction and emphasised the importance of the health benefits of consuming their products. The farm had clear succession plans – the parents had handed the business over to the next generation and it was clear from conversations that the development of the business came from reinvested profits rather than relying on bank loans. This farm was the most relevant example which could be replicated in Scotland.</p> |  |   |  |                 |
| Images   |  |  |   |  |                 |
| Scoring  | 8  | 8  | 9   | 9  | 34/40           |

|  | Openness  | Infrastructure   | Leadership  | Overall Experience   | Overall                        |
|--|---|--|---|--|--------------------------------|
| <b>Gullfoss Natural Wonders (restaurant and shop)</b><br><a href="http://gullfoss.is/">http://gullfoss.is/</a> | <ul style="list-style-type: none"> <li>Ad-hoc / informal collaboration &amp; networks.</li> <li>Year round business now (less seasonality)</li> <li>Mindful of changing nature of marketplace</li> <li>Collaboration with Chinese Embassy</li> </ul>  | <ul style="list-style-type: none"> <li>Significant growth from tent to over present restaurant.</li> <li>Good relationship with staff, investing in staff accommodation.</li> <li>One staff member was delegated to handle social media and online sales.</li> </ul> | <ul style="list-style-type: none"> <li>Planning ahead with staff accommodation – staff retention.</li> <li>Average staff retention was 2-3 seasons.</li> <li>Recognised that social media was important and that online sales was an area for future growth.</li> </ul> | <ul style="list-style-type: none"> <li>Failed to capture or interpret the surrounding waterfall &amp; story.</li> <li>Retail experience should be more reflective of Iceland (authenticity)</li> </ul> | Positive but could be improved |
| <i>Comments</i>  | <i>This café and shop benefits from location and proximity to the waterfall and geysers at Gullfoss. The business did not have anything particularly unique and lacked interpretation and signage which would improve the visitor experience. Undoubtedly the business benefitted from surrounding attractions and had invested heavily over the years to expand the size of their facility. Accommodating and retaining staff was a challenge that was being addressed by providing staff accommodation.</i> |  |   |  |                                |
| <i>Images</i>  |   |  |   |  |                                |
| <b>Scoring</b>   | <b>4</b>  | <b>6.5</b>   | <b>7</b>  | <b>6</b>   | <b>23.5/40</b>                 |

|  | Openness  | Infrastructure   | Leadership   | Overall Experience   | Overall         |
|--|---|--|--|--|-----------------|
| <b>Friedheimar Tomatoes</b><br><a href="http://fridheimar.is/en">http://fridheimar.is/en</a> | <ul style="list-style-type: none"> <li>Collaborating locally</li> <li>Collaborating internationally</li> <li>Extending the visitor experience – personalised packaging, webstore.</li> <li>Extremely customer focus</li> <li>Strong on product innovation &amp; manufacturing</li> </ul>  | <ul style="list-style-type: none"> <li>Fantastic use of space, multi-use with very little or no waste</li> <li>Staff supported and encourage to innovate</li> <li>Excellent Customer care and product knowledge</li> <li>Smart technologies linking the whole farm element of the business through to customer sales.</li> <li>Staff accommodation readily available.</li> <li>Expansion of business was demonstrated with new structure being built.</li> </ul> | <ul style="list-style-type: none"> <li>Clearly demonstrated confidence and direction for the future of the business.</li> <li>Excellent staff training &amp; product knowledge.</li> <li>Head chef has worked for over 25 years with the business.</li> <li>Staff members have the freedom to innovate and try new products.</li> <li>Receptive to advice &amp; outward looking to other regions for ideas.</li> </ul> | <ul style="list-style-type: none"> <li>Outstanding experience in all aspects.</li> <li>Inspiring for all.</li> <li>One small infrastructure improvement could be better signage and access roads/car parking.</li> </ul> | Highly positive |
| Comments   | <p><i>The best overall example of innovation, collaboration and strong leadership. The owners were very outward looking taking best practice examples from Holland and were capitalising on the technologies available. There was clear vision and on-going business &amp; product development for example increasing greenhouse capacity and also venturing into online sales. Staff had excellent customer care and product knowledge led by a clear synergy between respective family members and the long-standing resident chef. Clear signs of excellent technical and economic efficiency. It was an inspiring business, illustrated by the fact that everyone bought products on the way out and would not hesitate to recommend the experience to others. We all left as positive advocates for the business and will take lessons back to our own businesses in the UK.</i></p> |  |  |  |                 |
| Images   |   |  |  |  |                 |
| Scoring  | 9.5   | 9  | 10   | 10   | 38.5 / 40       |

|                         | Openness   | Infrastructure  | Leadership   | Overall Experience  | Overall   |
|-------------------------|--|---|--|---|---|
| <b>Mushroom Factory</b> | <ul style="list-style-type: none"> <li>• Planning to open a visitor attraction/ restaurant to add to their offer.</li> <li>• Utilise waste products to produce compost for resale.</li> <li>• Use of space was excellent – factory production flowed nicely.</li> <li>• Staff were very attentive and polite</li> </ul>  | <ul style="list-style-type: none"> <li>• Fantastic example of vertical integration of their own supply chain.</li> <li>• Evidence of digital technologies being used in production</li> <li>• Awareness of market trends – hence visitor attraction venture.</li> </ul> | <ul style="list-style-type: none"> <li>• Clear direction of where the business is going</li> <li>• Efficient &amp; polite staff</li> <li>• Collaborating with tourist board for advice on visitor attraction venture.</li> </ul> | <ul style="list-style-type: none"> <li>• Huge potential and very good innovation being demonstrated.</li> <li>• Personal drive of the owner was visible and we clearly understood his vision for the future.</li> </ul> | Scope for development / improvement. Positive experience. |
| <i>Comments</i>         | <i>Excellent example of a successful vertically integrated business – grows own straw, makes own compost, grows mushrooms and recycles &amp; repackages waste compost for garden centre sales. Highly aware of current tourism trends with future plans to develop food tourism on site. Clear direction and market awareness with plans to open a restaurant and visitor facility by June 2017. Owner came across as driven and focused. Staff appeared efficient, cheerful and polite at all times. The owner has the awareness to move his business along the food chain by introducing added-value products and tapping into the visitor attraction market. The business was part of cooperative which took care of the marketing of the products and offered support to the businesses.</i> |   |  |   |   |
| <i>Images</i>           |  |   |  |   |   |
| <b>Scoring</b>          | <b>8</b>   | <b>8</b>  | <b>8</b>   | <b>7.5</b>  | <b>31.5/ 40</b>   |

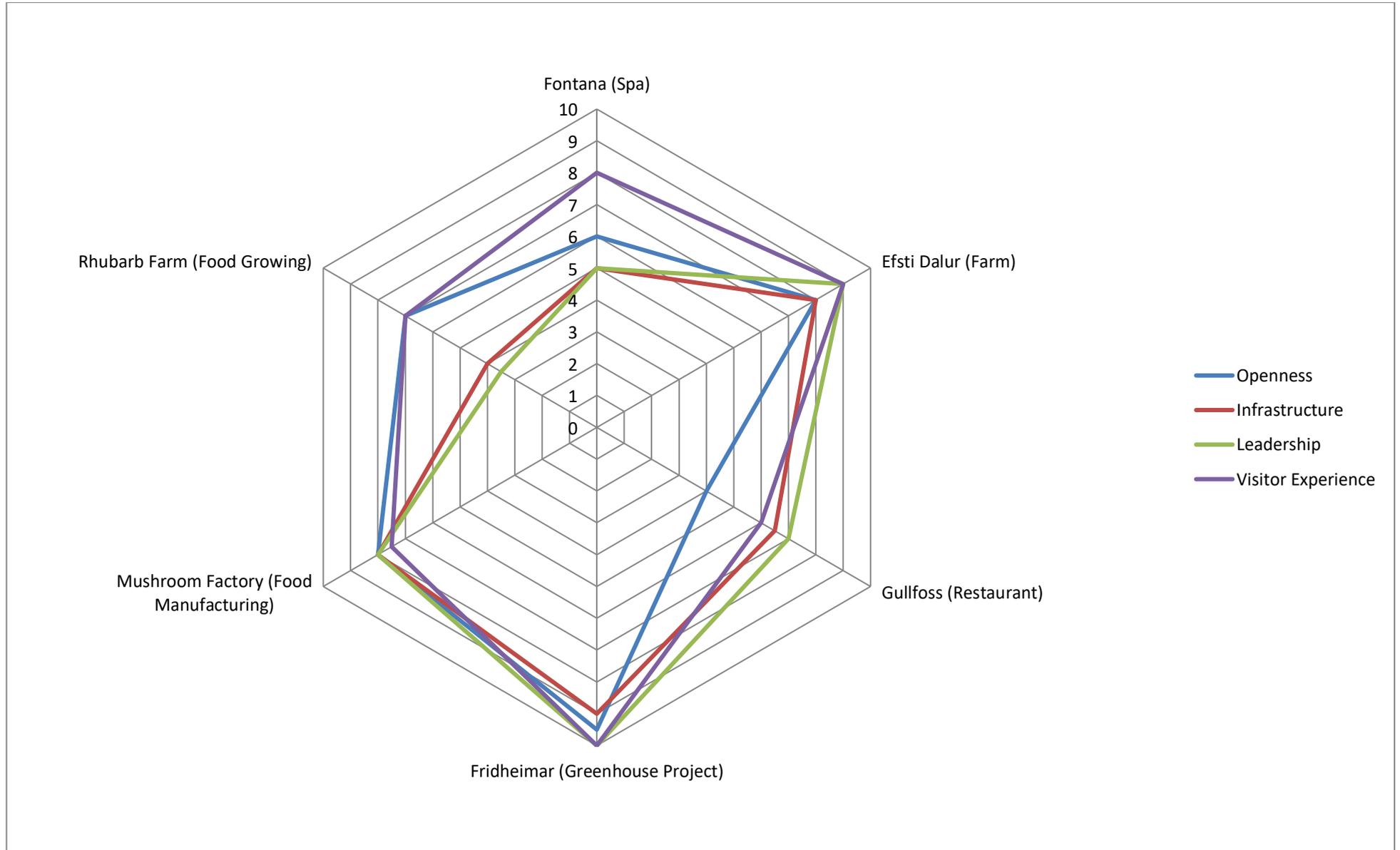
|  | Openness  | Infrastructure  | Leadership   | Overall Experience   | Overall   |
|--|---|---|--|--|---|
| <b>Rhubarb Farm</b><br><a href="http://rabarbia.is">http://rabarbia.is</a> | <ul style="list-style-type: none"> <li>• Collaboration with University, Matis and other businesses</li> <li>• Collaborated with producers of blueberries &amp; strawberries</li> <li>• Worked with Woofers</li> <li>• Fantastic product packaging &amp; provenance</li> <li>• Very innovative product.</li> <li>• Quality over quantity.</li> </ul>   | <ul style="list-style-type: none"> <li>• Lack of resources to maintain building and facilities</li> <li>• Use of space – a little bit chaotic</li> <li>• No staff resources.</li> </ul> | <ul style="list-style-type: none"> <li>• More than aware of his personal circumstances &amp; challenges and therefore was not willing to overstep his abilities</li> <li>• Unable to exploit the full potential of the product</li> <li>• Did not want to compromise on quality</li> </ul> | <ul style="list-style-type: none"> <li>• Hospitable, honest and respectable</li> <li>• Fantastic products</li> <li>• Recognition of the huge potential of the product</li> <li>• Very unique experience.</li> </ul> <p>(Visitor experience was based on the quality of the product and hospitality. Refreshing honesty of presentation.)</p> | Significant development would be required in order to make this into an improved visitor experience |
| Comments   | <p><i>This business benefitted from working collaboratively with the University of Art and MATIS Food Research to develop innovative product and packaging. The business had developed a broad product range; frozen rhubarb, jams, chutney and Rhubarbia brittle. Business had taken advantage of networks including Woofers (Farm Volunteer Programme), Womens Institute and Reykjavik Farmers Market – which resulted in a trip to Borough Market in London. Currently the business is concentrating on existing products and existing markets and probably does not have the resources to move into new products and new markets. A UK business could replicate this, at relatively low cost, if there was a willingness to pursue this type of venture and to move along the food chain away from the commodity product.</i></p> |   |  |  |   |
| Images   |   |   |  |  |   |
| Scoring  | 7   | 4   | 3.5  | 7  | 21.5/40   |

## Final Conclusions

Our final observations are set in the context of the fast-growing tourism economy of Iceland, the low cost energy widely available and the positive and entrepreneurial attitude of the Icelandic business community:

- Added-value products of businesses – utilising waste or expanding product range. The businesses visited all seemed to want to make the best use of the available resource, in fact they made that part of their own business story.
- Openness to diversification – each of the businesses wanted to ensure that they were maximising the opportunities. The businesses did not appear to be put off by any barriers or legislation.
- Zero waste approach – utilising every part of the product or food stuff in production process. All of the businesses seemed to have undertaken research into making use of their own waste / by-products, which had led to other business ventures.
- Quality of the story telling at each of the establishments was a critical component of the business approach. Each business was mindful that visitors in particular wanted to know what was happening and why. They used photographs and artefacts to bring the places alive and used humour to convey important selling points.
- The awareness of the importance of the provenance of food seemed to be core within each business. Not only did they make sure that visitors knew their story, but they often would sell-on other local businesses and emphasise the level of cooperation.
- Pride in their heritage. Each business seemed to capitalise on local heritage, even if the stories and characters were not of any national or international significance.
- Strength of community, family and strong network connections. All of the businesses visited seemed to retain a strong link with the local area. The chefs, the owners or the staff lived nearby and the businesses were mindful of trying to integrate those from further afield and ensure that they had proper facilities for continuity.
- Investment in quality fixtures and fittings of each facility we have visited. All of the facilities with a visitor audience had made great efforts to use top quality local products in the fabric of their buildings or apply old skills to new fabrics to create an authentic yet innovative feel to the places.
- Tendency to rely on internal capital for investment projects. Although the group did recognise the pattern of top level investment by companies such as Icelandair in the development of tourism facilities across the area visited, it appeared that most investment was coming from a reinvestment from the business itself rather than from the banks.
- No compromise on quality. The businesses demonstrated a high level of confidence in their products and approach. This was demonstrated time and time again, where the group identified that the business was more likely to focus on providing a few high-quality products, rather than provide a wider range of mediocre products or products which could be easily provided by others.
- Lack of regulation in Iceland allows businesses to innovate without restriction in comparison to that of the UK. There were a number of occasions when the group identified a difference between the Iceland regulations and those in the UK, which would mean that activities would be unlikely to be acceptable in the UK. It was generally felt that the UK was much more risk-averse and that this was at times stifling UK innovation.
- Whilst all the businesses recognised the positive impact of the national tourism body (Promote Iceland), the additional flights coming into Iceland, the impact of world-wide media following the Eyjafjallajökull volcano eruption in 2010, there was a strong sense that the people of Iceland felt that the whole of Iceland was just finding its feet in terms of tourism and that the country was well placed to capitalise on the emerging “experience culture” and desire for more unusual experiences.
- Throughout the journey the group recognised that the Icelandic businesses focused on people at every stage of the visitor experience. They clearly understood that the scenery, the food or the natural wonders of the country (spas, geysers, volcanos, glaciers and waterfalls) are not enough to drive additional tourism to the country and that only by telling a compelling and authentic story would they draw sufficient attention which could be converted into a lucrative visitor economy.

# The Rural Business Innovation Framework (RBIF) key questions: The Results



## Businesses in order of visitor experience and innovation combined score

| Business                 | Overall Score (40) | Level of Innovation |
|--------------------------|--------------------|---------------------|
| Fridheimar Tomatoes      | 38.5               | 96.25%              |
| Efsti Dalur Dairy Farm   | 34                 | 85%                 |
| Mushroom Factory         | 31.5               | 78.75%              |
| Fontana Spa              | 24                 | 60%                 |
| Gullfoss Natural Wonders | 23.5               | 58.75%              |
| Rhubarb Farm             | 21.5               | 53.75%              |



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