

# Developing Innovation and Creativity for Business Advantage

## BMSW6102

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## *Executive Summary*

Innovation is defined as the process of creating new products or services to markets that are perceiving that way. Some groups can perceive the innovation whilst for others it represents something known or old. Taking advantage of the time lapse is a business opportunity for entrepreneurs to introduce innovations to new markets. Innovating also means perfecting a process or a product, developing a new technology. Nowadays innovation is supported in the modern business environment and many organisations have adopted innovation oriented cultures. Promoting creativity is specific more to entrepreneurial management rather than traditional and encourages risk taking and visionary thinking (Burns, 2007).

According to Kiesner (2009) usually new entrepreneurs want to provide innovation in a niche market to differentiate themselves from competition in order to ensure success. Being able to provide original and innovative ideas, solutions for faster and more convenient service or a product are attributes of innovation. Organisations in the nutrition industry are concerned with the effects of nutrition on health. Some organisations are developing innovative products or services for the health-conscious consumers.

According to Statista (2023) the nutrition industry is a growing market because of the changes in the society. Nutrition is defined as the study of the food and the impact of the human body. It analyses how the nutrients from the food are helping the health and the wellbeing. It assesses how different diets can contribute to prevent diseases by reducing the risk of developing health issues such as diabetes, cancer, heart problems, strokes. There are five main food groups fruit and vegetables, carbohydrates, protein, dairy and oils and nutrients from each group are helping the body in different ways. Nutrition can influence the mental health, it can give higher levels of energy.

The proposed business for this report is an e-commerce business which will activate in the nutrition industry and which will provide innovative services for its customers. It is an e-commerce business which provides nutritional counselling and for that purpose it has an array of services to assist the customer the best way possible.

## *Introduction*

Innovation is the new way of action in a globalised world where the number of business is very high and where business can reach customers from various parts of the world. Innovation can have different forms and can refer to different types such as Product and Process Innovation, Open and

Closed Innovation, Incremental and Radical Innovation, Modular and Architectural Innovation. The goals of innovation are to increase the levels of quality, to access and create new markets, to diversify and extend the product range, to make the operations more efficient and to reduce the cost of labour, to provide improvements to processes, to reduce the number of materials used, to limit the negative impact on the environment, to provide replacement for products or services, to reduce the consumption of the energy and waste and to make the products, services or process to be in accordance with the existing or new regulations (BDC, 2023).

The report presents an innovative business proposition from the nutrition industry. The name of the business will be Nutrition Pro and it is aimed to develop a brand name for the business. It presents elements of innovation for the service provided and for having a digitalised infrastructure.

The selected industry of nutrition in the UK market is analysed by looking of aspects related to growth and forecasting, but it also uses the PESTEL model of analysis for a more detailed assessment. It is describe the business concept of Nutrition Pro, aims, vision, values and objectives. Based on market research it is approached the customer segmentation for Nutrition Pro and is presented the selected market segment. The report analyses the competition within the sector from the domestic market and what are the competitors bringing to the market. It is highlighted how the proposed business can contribute and have better position than the competition. It is selected the setup for the business and will use SaaS and best option would be Shopify to ensure continuous digital support. As the payment options for an e-commerce business are very important and have to inspire trust and security it is analysed the best methods which are affordable for the business. It is elaborated the marketing strategy for Nutrition Pro and it is applied the marketing mix 4Ps. The report also takes in consideration the legal aspects that needs to be in accordance such as Data Protection legislation.

### *Industry analysis*

The selected industry for the online retail store is the nutrition industry. The nutrition industry includes major food, beverage, pharmaceutical and specialist nutrition companies. It is an industry where innovation is specific to develop new products and enter new markets. On a global level the nutrition industry is worth billions of dollars and it is forecasted that will continue to grow and it is expected to reach over 51 million dollars by 2028 (Future Learn, 2022). The drivers for the industry growth relate to the health orientation and wellness of more and more people, an ageing population,

growing interest in specialised diets such as vegetarians and vegans. The field of food and nutrition science is constantly evolving and more studies are realised in order to learn about the complex relationship between food and human health. Therefore the nutrition industry is blooming and that is a good business opportunity to take advantage off. In order to analyse the macro environment will make use of PESTEL theoretical framework.

#### PESTLE analysis

*Political factors:* The market in the United Kingdom (UK) is a stable market politically and that benefits the business because it can have major influence on the business profitability. The political stability in the UK is high and that ensures a friendly business environment where market trends can be predicted and it is important to research the trends for more chances to succeed. In the UK there are no high levels of trade restrictions and there are complex policies for protecting the intellectual property rights.

*Economic factors:* The economy has been weakened by the pandemic worldwide. In the UK pandemic had also taken a toll and there have been negative consequences in many industries. In the last two years the cost of living has increased and it continues to increase with a high inflation of over 10% value. Increase of energy prices has impacted majorly the households and the business as a consequence of the Russian war (Parliament UK, 2023). Despite that the UK has a developed core infrastructure and that can facilitate the selected industry to grow. The labour market conditions in the UK are favourable to the nutrition industry because there are many opportunities to specialise or swap between professions. The economic structure in the UK allows business in the nutrition industry to activate in a competitive market.

*Social factors:* The shift towards a healthier lifestyle of the UK population has been observed in the past years, but post pandemic population has been more health conscious and started to prioritise differently. The consumers general attitude towards healthier options it also involves aspects related to sustainability. Population is more aware of business impact on the environment and communities and that can influence their choices. The preference for online shopping has also increased lately and with pandemic it has been made available by many of the business. The development of e-commerce has encouraged the shopping behaviour and preference for online shopping. This e-commerce has been also increased by the growing usage of smart phones and internet access. With the increased cost of living, consumers are choosing more wisely how to spend their money and the nutrition industry can benefit of that and emphasise the benefits (DSM, 2023).

*Technological factors:* The technological advancement has influenced the nutrition industry because it makes the service provision more accessible across the market, through online sessions and e-commerce. Technology development provides advantages for the nutrition industry as it can

contribute towards efficiency, it can reduce the cost and it can increase the overall performance and profitability. The popularity of social media platforms can now be used for marketing to provide information and communicate with the customers. Social media has become a common strategy for the modern business environment. For the nutrition industry the technological innovations can confer competitive advantage and keep ahead competition. Research and development can involve high cost for the industry and that can not be accessible to all business (Open Growth, 2022).

*Environmental factors:* In the UK there are different policies and legislations put in place to protect the environment. The business must adhere to those in order to be able to comply with the business norms. Other practices are part of the Corporate Social Responsibility which are incorporated in the organisational strategies. Recycling and waste management practices are important for the industry because business activity can make use plastic packaging at large scale. Effective strategies for innovative recycling and waste management practices involve technology development. Renewable technologies are another investment which can increase stakeholder satisfaction. The growing trend for organic products and green and eco-friendly products are important for the industry and business can win the trust of consumers.

*Legal factors:* The nutrition industry has to follow strict policies and regulations and ignorance can have legal repercussions. A careful analysis of the legal aspects is required for the industry. In the UK, business must adhere different legislation such as employment law, consumer rights, data protection, intellectual property, nutrition legislation (Gov, 2022).

### *Nutrition Pro- Business description*

*Nutrition Pro* is the business proposition which is an innovative online retail store which aims to provide nutritional counselling. It will also have available a range of products such as food supplements from various known and trusted brands in the market. *Nutrition Pro* will offer services online, organising counselling sessions based on customers needs. The business will also collaborate with local restaurants which will be advertised on the website, where customers can have their daily meals prepared according to the customised dietary plans. Alternatively the customers can choose to prepare their own meals.

The mission of *Nutrition Pro* is to offer personalised solutions for its customer and transform their lifestyles. The business objectives are to develop a strong customer base, to develop the brand name and to become one of the main choices for customers in the industry. Developing a brand name

requires high quality services, customised dietary plans, good customers assistance, fast service provision, fast product delivery, diverse range of products available for customers. The intellectual property rights for the brand name will ensure the business idea is protected.

### *Customer segmentation*

According to Wang et al (2022) the cultural and personal background has a great influence for the food that is consumed by each individual. Other factors that influence the food choices are external and relate to costs and convenience. The nutrition is very important to the wellbeing of a person and having a balanced diet improves health physically and mentally. In the past population did not pay attention as much to their nutrition, many considering that a healthy diet is important only for bodybuilders and athletes in general. The knowledge on the role of nutrition has increased and business such as Nutrition Pro are contributing towards that. The importance of good nutrition has been demonstrated for disease prevention, healthy metabolism, good immune response, reducing inflammation and having a healthy body weight. Studies had revealed that diet can also have an impact on the individual mood and levels of depression and anxiety.

The customer segmentation is based on different categories of individuals who have different needs. The alternative diets eliminate different foods that are impacting the health of the individual such as sugar, gluten, dairy, or red meat, but it takes in consideration that the diet includes nutrient-rich foods and the body gets all the needed nutrients.

Another segment is composed by the customers who desire to have a plant-based nutrition and that is becoming very popular for the effects on the health but also for the effects on the environment when meat is consumed. This segment will have a plant based diet which includes vegetables and fruits, but also seeds, nuts and grains.

Another segment is formed by the population who has allergies and requires an allergy-sensitive nutrition. This means that diet should avoid allergy triggers such as peanuts and tree nuts, eggs, milk, fish, shellfish.

### *Competitors*

According to Welp Magazine (2021) there are several players in the Nutrition space, but which can have different business orientations. Myprotein Group is a company that sells online sport supplements and products for nutrition. Huel is a company that activates in the nutrition industry and sells nutritionally-complete food products. Protein Work is another known nutrition brand. AllPlants

is a food company that focuses on vegan food. Atlas Biomed Group is an innovative company that tests gut microbiome and assess the overall health and generates personalised recommendations to improve wellbeing. Neat Nutrition focuses on formulating active nutrition. Nourished offers personalised vitamin gummy, utilising patented 3D printing technology and a vegan formula. Nutrifix provides companies with a virtual staff canteen and a personalised weekly meal plan from restaurants nearby.

One of the direct competitors is Nutrition and Co which is an awarded nutrition and dietetics consultancy company for 2022 and 2023. The organisation has been able to create a known and trusted brand and provides services such as online consultations, corporate seminars and webinars/wellness days , media/brand representation and writing evidence based pieces. Their mission is to provide individualised nutrition support. According to their official website (2023) “ dietitians are the only health professionals regulated and protected by law. Registered nutritionists can provide evidence-based advice and information about food and healthy eating”. The company is able to provide a “telehealth platform” which allows the customer to communicate with they assigned dietician in between consultations if required.

Another type of competition is the British Nutrition Foundation which is a source of evidence based information and a source of knowledge on nutrition and healthy diets and aims “to connect people, food and science for better nutrition and healthier lives” (Nutrition, 2022).

All the above activate in the nutrition industry and from different aspects can be a strong competitor for Nutrition Pro. Nutrition Pro differentiates itself through qualitative service, complex counselling and promptitude in providing help, but also because it is a complex e-commerce business which is able to provide many products and services in one place. It sells nutritional products, it creates different dietary plans based on the customer needs and age segment, it collaborates with restaurants for meal preparation, it provides 2 different apps to facilitate the customer.

### *E-commerce*

The proposed business model is through e-commerce. This business model is in line with the customer needs, being available and more flexible to the customers rather than brick-and-mortar business. This is based on the open innovation model which has been developed by looking at the market offer, at the medical advancement and it has been add elements of originality for the service provision, to ensure customers needs are fulfilled. Customers are able to research and make purchases and benefit of the different services available from different parts of the world. Some services such as meal preparations are only available in London as the business pursues to expand the number of

restaurants it is aimed to be increased nationally. Other services such as home delivery for the products sold by the company are available all throughout the UK.

This way of selling goods and services serves the customer who has developed online shopping consumer behaviour, but it also helps the business as it reduces the costs for physical stores and it can increase the number of customers for nutrition counselling, not being limited to a certain area where the store would be located.

Nutrition Pro is a new business and for that purpose will make use of the Shopify commerce platform which will help with the start up and business management. According to Shopify (2023) the organisation is leading the market for the complex expertise that they can provide to the merchants. It is cloud-based and offers software provision and maintenance. It helps the business to access the platform from anywhere in the world as long as there is internet connection available. It offers templates for online stores, integrated payment processing, marketing tools, customised apps and experts that can provide solutions to the merchants.

Nutrition Pro will have own website which will be used for service provision and sale of products and will have two apps available for the customers. The payment choices will be by card and through PayPal.

### *Payment services*

The payment methods are very important to the business as it has to be reliable and easy to use. The right payment method can also be a criteria for customers to choose between business. That is why researching the customers preference can increase the chances of making a sale. The payment methods can vary from bank transfers, mobile wallets and credit or debit cards. An e-commerce business must look in facilitating different methods of payment in order to allow customers to pay for the service or product. From the point of business owners the decision making for selecting the most appropriate payments options takes in considerations also the fees that can affect the profit margins and which can also reflect on the price affecting implicitly the customers. Another factor to take in consideration is the security which is the most important because of the levels of confidential information from the customers (Statrys, 2023).

The payments methods selected for Nutrition Pro are Credit and Debit card payment, e-wallets, bank transfers, mobile payments and PayPal. Shopify provides a comprehensive list of payment methods and payment gateways. It has to be open a business bank account to accept and process electronic payments and card transactions and open a merchant account. Merchant accounts are regulated and supported by FDIC and come with fraud protection. The website host provides guided instructions to be added as payment methods and helps integrate the desired method. The PayPal payment gateway

takes the customer to a secure site to realise the payment and after that the customer is redirected to the website. Once the payment methods are put in place, transferring the profits into the business account is the next step.

### *Marketing Strategy: 4Ps*

#### Product

Nutrition Pro will offer a combination of services and products, but the main focus will be on offering nutrition counselling services. The innovative business idea offers the customers customised dietary plans and the collaboration with local restaurants makes it more easier for the customers to keep on with the diet. For the meals orders will be available an app to keep it simpler for the customers and for business transparency. It also be available an app where customers can keep track of their diet and have available a high number of recipes specially selected for the dietary needs. Nutrition Pro will develop eating plans by discussing eating habits of the customers, allergies and food preferences and any medical concerns that need to be take into consideration. Other elements to be assessed will relate to sleep habits, exercise levels. A team of nutritionists will be available to offer online consultations and to provide information and educating customers about health eating. The nutritionist would be able to give simpler explanations on the subject as many persons get confused about medical terms. Will also be able to provide motivation and emphasise the benefits of healthy diet to the wellbeing. On the business website will be available for sale educational sessions that gives the customers the knowledge on nutrition for different concerns.

#### Price

The pricing strategies will take into account the complexity of the packages chosen by the customers, but will try and maintain affordable prices to attract the customers. Will also practice introductory offers for customers who will benefit of discounts if they recommend the business to their peers. For the products it will be practised the retail prices for the branded products. For meal orders the pricing will be realised in collaboration with the selected restaurants.

#### Place

Nutrition Pro is an online store that provides unique services online. It will make use of the popular platform Shopify which is a commerce platform and will help the business to build an online store and mobile apps which will increase the levels of trust in the business. The business website will be the platform for registering and booking appointments, purchasing services and products. Customers will have to complete a number of forms with required information about them related to food habits and preferences, allergies, sleep and exercises and health and medical related information. The form will be sent to the customers to their email after initial registration on the website and this will be part

of the standard package. The customers who will desire to have online appointments will make use of the Zoom app which is a free app and have a video consultation for the customers who choose this service extra. This service will offer a more customised service, based on the customer interaction and one to one meeting. The customer will be able to ask questions and address any queries and the nutritionist will clarify the benefits and provide motivation. This service will be followed by constant written communication also via emails. The dietary plans will be sent to the customers via emails. Another modality to deliver the services online will be realised through a number of two apps, one for keeping track of the dietary plans, information and recipes and one for ordering meal plans.

### Promotion

The business will put great efforts in promoting the business especially because is an online store and in order to gain customers trust it needs to reach the customers differently than in a brick and mortar business model. The promotion will be realised through various channels in order to reach as many customers as possible. The main source of information will be the business website where all the services are described and will make available a service for booking an appointment with the nutritionist. It will also be the platform for selling other services such as educational sessions and meal orders from the selected restaurants. Further that the business will use different social media platforms to advertise services, offers, knowledge and facts on nutrition and wellbeing, to communicate and obtain feedback from the customers. The business will use Facebook, Instagram and Twitter. A team of members will be responsible to create adequate and up to date content in order to ensure customers are informed at all times.

### *Privacy and data protection*

The most recent legislation on privacy and data protection is The Data Protection Act 2018 which refers to the personal information gathered by organisations and business and how can be used. Using personal data has to be realised under precise rules “data protection principles” which need be followed strictly. It has to be ensured that personal information is used in a fair and transparent way, for legal actions. It has to be used for explicit purposes and in an adequate way and necessary circumstances. Information has to be kept up to date when situation imposes and it must not be kept longer than is necessary. Handling personal information has to be under appropriate security and has to have protection against unlawful or unauthorised processing, access, loss, destruction or damage. In the case of more sensitive information there should be put in place stronger legal protection. Sensitive information can include: race, ethnic background, political opinions, religious beliefs, trade union membership, genetics, biometrics (where used for identification), health, sex life or orientation

(Gov, 2018). The services provide by Nutrition Pro involve an exchange of confidential information related to medical aspects, health issues, personal details. In order to comply with GDPR, customers will be informed in real time when registering that personal data will be used to access their account and for further contact when sending the diet plans. A link will be provided to explain exactly how the personal information will be used by the business, having the right to rectify or erase provided information. As an online business, personal information is vital to make a sale and consent should be given and customers would be able to opt in to agree to terms and conditions, to subscribe and to be able to opt in for any of the request and services it is intended. In the case of sharing information with a third party, consent must be given. The business website will have privacy protection by default and will have put in place data security techniques. By using PayPal as a payment method it will be the providers responsibility to ensure data security (Linnworks, 2022).

The Privacy and Electronic Communications Regulations (PECR) sit alongside the Data Protection Act and the UK GDPR. The aim of these legislations is to confer privacy rights with specific framework for the electronic communications such as “marketing calls, emails, texts and faxes, cookies (and similar technologies), keeping communications services secure and customer privacy as regards traffic and location data, itemised billing, line identification, and directory listings” Information Commissioner’s Office (2023).

It is recognised that widespread public access to digital mobile networks and the internet opens up new possibilities for businesses and users, but also new risks to their privacy. PECR have been amended a number of times. The more recent changes were made in 2018, to ban cold-calling of claims management services and to introduce director liability for serious breaches of the marketing rules; and in 2019 to ban cold-calling of pensions schemes in certain circumstances and to incorporate the UK GDPR definition of consent (Legislation Gov, 2003). Nutrition Pro will ensure legislation related to privacy and data protection is followed and will have a system put in place to request customer permission to send marketing communications.

### *Conclusion and recommendations*

The proposed business is an innovative business from a growing industry. It has been presented detailed analysis regarding the industry and the market, the approach for the business development and business operations. It can be concluded that it is a good business proposition based on the market needs and on the consumers expectations.

This report has analysed essentials issues to consider for the proposed e-commerce website and has developed a strategy for business start up and has taken into consideration external elements from the business environment and the industry.

A constructive recommendation for the business is to ensure it provides a qualitative services and looks after its customers and maintain the high standard of quality. Because the sector is still growing it should ensure that staff is up to date with the required knowledge and training. This way will ensure they provide best services and surpass competition. It should also ensure high levels of security for customers data especially because of the profile of the business and the sensitive data collection.

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