DEVELOPING AND MARKETING A SPECIALTY FOOD PRODUCT FROM YOUR FARM

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What we’ll cover:
• Understanding what you need to know when developing a specialty food product from your farm
• Identifying your target market
• Developing your recipes for larger production
• Costs, pricing and packaging
• Getting the product to market
• Licensing, insurance, and cash flow
Long term strategy:

• Do you have a real business plan?
• Developing a brand
• How far do you want to take this product/business?
• Do you know how much it will cost to develop this product?
• Do you have sufficient cash reserves?
• How fast should you grow?
• How much of your personal assets are you willing to risk?
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Getting Started (1):

• Is there a viable market for this product?
• Knowing your competitors
• Who is your customer / market?
  • Farmers’ markets
  • Local retail stores
  • Wholesale distributors
  • Mail-order direct to consumers
  • Pros and Cons of each
Getting started (2):

- How, where, and by whom is this product going to be produced?
  - On your farm
  - A new production facility
  - A shared kitchen space
  - Co-packer or incubator facility
  - Pros and cons of each
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Getting started (3):

• **Sourcing** ingredient supplies and packaging
• **Properly pricing** your products and profit margins
  • Pricing example:
    • Retail product $9.95  = 52%
      4.75 price to retailer = 29.5% mark up to distributor
      3.35 price to distributor
      2.00 direct cost (ingredients, labor, packaging)
      $1.35 gross profit = 40%

    $3.50 price to broker
    - .175 = 5% brokers’ commission
    $3.35 price to distributor

• **Accountants, business advisors**
• **Business structure, licenses and insurance**
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Going to the next level - Getting your product into New Markets (1):

• Are you sure you want to go there. What does it mean.
• Which markets are appropriate for your products
• The right time to move into a different market
• Understanding the needs of other markets:
  • Fulfilling orders
  • Different sizes and packaging requirements
  • Year-round production – loss of seasonality
  • Sales and distribution / shipping
Going to the next Level: Getting your product into new markets (2):

- Understanding the costs:
  - Increasing production capacity
  - Overhead
  - Employees
  - The cost of working with distributors and large retailers
Going to the next Level: Getting your product into new markets (3):

- Maintaining healthy profit margins
- 80/20 rule
- Extending credit, payment terms, getting paid
- Cash flow
- Advertising and marketing expenses
- Trade shows
Increasing the size of your recipes / formulas:

- Different cooking methods
- Adding / changing ingredients
- The logistics of handling large quantities
- Storage
- Different packaging needs
- Different cooking and packaging equipment
- Maintaining quality control
- Maintaining integrity of your brand