

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

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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
 - Websites: www.specialtyfood.com, www.specialtyfoodresource.com
 - Publications: Specialty Food Magazine, Fancy Food Magazine, The Gourmet Retailer
- Who is your customer / market?
 - Farmers' markets
 - Local retail stores
 - Wholesale distributors
 - Mail-order direct to consumers
 - Pros and Cons of each

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• 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

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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

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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

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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