

# Producers look to expanding specialty foods market

BY DONNA McCONAUGHEY  
TRUESDELL  
Staff Correspondent

MANCHESTER, N.H. — Specialty foods — a market who's time has come. That was the conclusion drawn from the "Spotlight on Specialty Foods" workshop conducted as part of New Hampshire's annual Farm and Forest Expo.

The New Hampshire Department of Agriculture is looking at the production of specialty foods as a new aspect of the agricultural industry. Other states in New England have encouraged producers to organize and learn from each other as they pursue this expanding marketplace.

The popularity of specialty foods has developed as the prominence of regional cooking has expanded. Particularly strong is the demand for foods that emphasize native traditions. Between two and three billion dollars were spent across the nation last year in specialty foods sales.

If agriculture responds to this interest, a new opportunity for profit may be found. Specialty foods have achieved a 20 percent growth rate in the past year and the demand continues to rise. By pursuing this market, agriculture will be responding to the urban demand.

The significance of food in one's life is changing today. "Currently the food one eats is a statement reflecting one's personality", says Lynda Brushett of Niche Marketing. "Homemade, real food is important," she notes. People today want the old-fashioned, homestyle foods that were expected in the past. However, most people don't have the time to

prepare them so they are willing to pay for these items.

In fact, serving homemade, real food is a sign of affluence today. By adapting this philosophy, Americans have established affluent living without true affluence via the foods they eat and serve.

These changes represent a potential and virtually untapped market for the agricultural industry. People want to go back to the farm, the place the crop was produced and buy a producer-finished product.

Many city dwellers can not get to the producer, so they turn to a store that specializes in this old-fashioned, homestyle type of product. Ron King, proprietor of Anthon's Fine Food Market in Concord, NH, strives to offer just this service. His store is very successful despite the prices of his foods, which are much higher than those in the typical grocery store.

During the workshop, Ron spoke with producers about how to produce a market specialty foods from a retailer's point of view. He provided a practical list of requirements that must be met to produce a successful product.

The quality of the product is the first priority. Ron tastes everything he sells. He believes there is a "homemade taste" that is easily recognized. He recommends using only high quality ingredients which will increase the quality of the taste. Because taste is so important, only Ron purchases products which the producer will provide samples of.

Price is important since it must be appropriate to the product and its quality. However, people will pay more for a higher quality product.

The way the product is presented can influence its success. The labeling should be easy to read and still allow view of the product. Colorful, attractive graphics on a label can improve it also. Packaging must be designed in such a way as to present the food in an appetizing manner.

In addition to the product itself, other aspects are analyzed. Is there a reliable supply of the product? Have the production facilities met any state inspection and licensing requirements?

Another strong point is if the producer is willing to get involved in marketing the product. This may be done by providing point of sale brochures and information on how to prepare the product and serve it.

Providing extra amounts of the product to be used for sampling in the store will help in selling the item. If the location permits, it is even better to go to the store and pass out samples. This provides an opportunity to meet and educate the public and hopefully sell them on the specialty food.

Ron King emphasizes that some extra time must be invested at the beginning to establish markets. By working with retailers and assisting them in promoting the product, both retailer and producer will benefit.

Another way to market specialty foods is through mail-order catalogs. Lawson Hill, author of How to Build a Millionaire Mail-Order Business From Someone Who Did, addressed the keys to producing a successful catalog. He recommended designing the catalog to give the best product the best exposure. This is often on the front cover. In fact, the cover will

sell three times more than anything inside the catalog, claims Lawson.

Good eye flow and ease of reading is important in the designing of a catalog. If a "Z" pattern is followed with the most important items lying in that pattern and a high contrast or large size picture or image is in the upper left corner of the page, it will be easiest to read and will attract more interest.

Lawson recommends telling about your business near the front of the catalog. He believes this, along with "sincere, meaningful, good strong copy" throughout the catalog will keep people in it.

Mail order trade in specialty foods is a very attractive opportunity, but it takes much hard work. Mike Satzow of Claremont, New Hampshire's North Country Smokehouse, says there are big startup costs in advertising and developing mailing lists. He believes it takes about five years for a catalog effort to pay off.

Lawson Hill suggests a minimum three year plan of profit, loss, and cash flow projections prior to attempting production of a catalog to determine whether it would be a wise financial move in the production of specialty foods.

As with any business, financial management in the production of specialty foods can be critical to its success as is the quality of the product produced. A business plan is the first step in this process. This plan should include the purpose of the business and its goals as well as financial data.

Michelle Sweet, business analyst for the University of New Hampshire Small Business Development Center, recommends taking ad-

vantage of programs offered by local Chamber of Commerce groups and small business organizations. She believes "if you fail to plan, you plan to fail" when starting a new business.

Sweet also offered these suggestions on how to get the product into a market. Call the company and get the name of the buyer who would handle the line that this product would fit into. Call the buyer and introduce yourself and ask if a sample may be sent. Send the sample and any information about the business or the product itself. Then followup and check the response to the product. If not accepted try again in three months asking if perhaps the company's strategies or needs have changed.

If this method is not effective, make friends with the secretary. Sweet has found that secretaries do influence decisions made in a business and can be a positive ally on your side.

Alan Parker, president of the Vermont Gourmet and Specialty Foods Association, suggested trade shows and food fairs as good methods of contacting retailers. However, the cost of participating in these can be as much as \$2,500.

For beginning businesses, he suggested establishing key relationships with a few retailers so that the progress of the product can be observed. This also allows for changes to be made as necessary early in the process of marketing the food item.

Parker warns that the specialty foods industry is a "damnably trendy" business. He recommends watching the trends carefully, maintaining a high quality product

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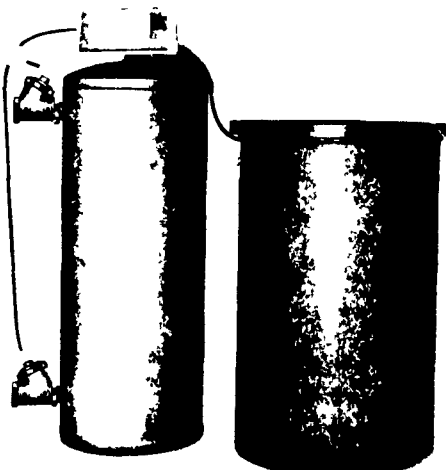


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