

# Beyond Fresh

## Creating Products

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Marketing Summit  
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## In this session...



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- What is value-added?
- Opportunities
- Challenges
- Factors of Success
- 5 Major Steps to Creating Value-Added Products

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## What is value-added?

- Allow producers to earn a greater portion of consumer expenditures by processing, packaging or marketing crops, livestock or farm resources.

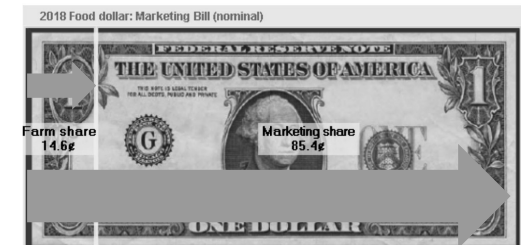


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## Why?

- Opportunities to increase financial returns
  - Remove middlemen from supply chain
  - Take advantage of demand for fresh/local products and experiences
  - Use product that would go to waste
  - Market small quantities

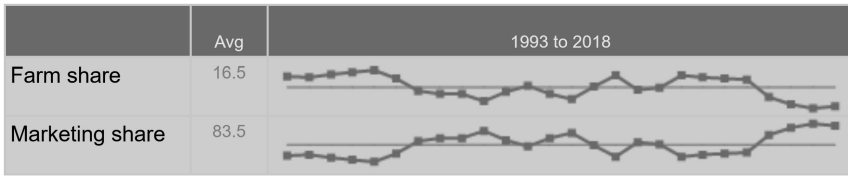


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<https://data.ers.usda.gov/reports.aspx?ID=17885>

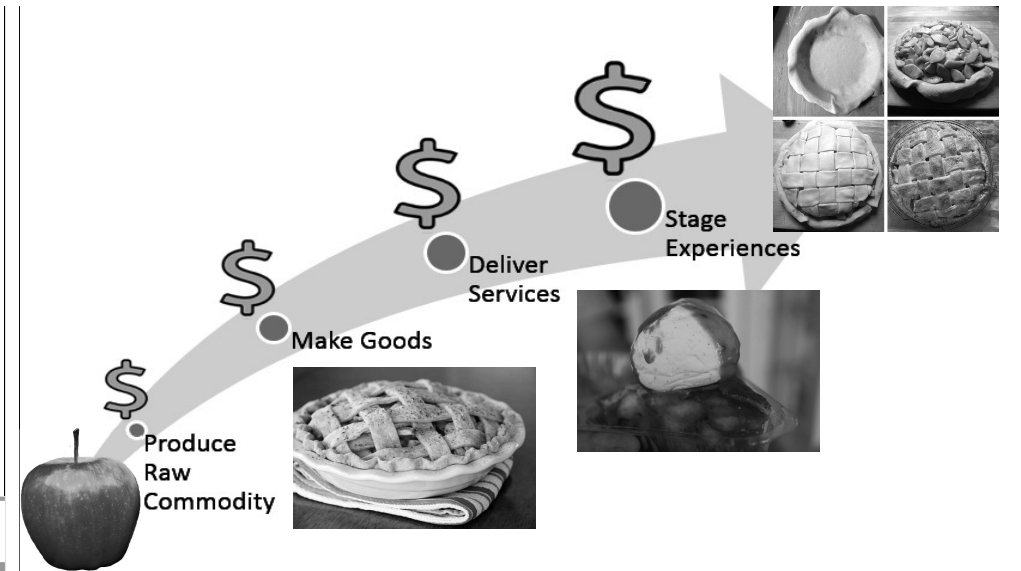
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How have the farm and marketing shares changed over time?

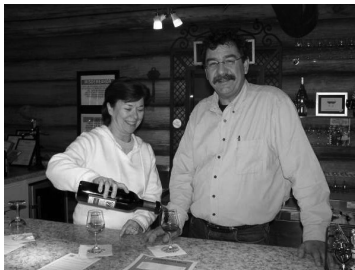


The *farm share* of the food dollar is the share received by farmers from the sales of raw food commodities.

The *marketing share* is the remainder accruing to food supply chain industries involved in all post-farm activities that culminate in final market food dollar sales.



## Grinder's Switch Winery



# Granddaddy's Farm



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# Hatcher Family Dairy



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# Donnell Farm Meats



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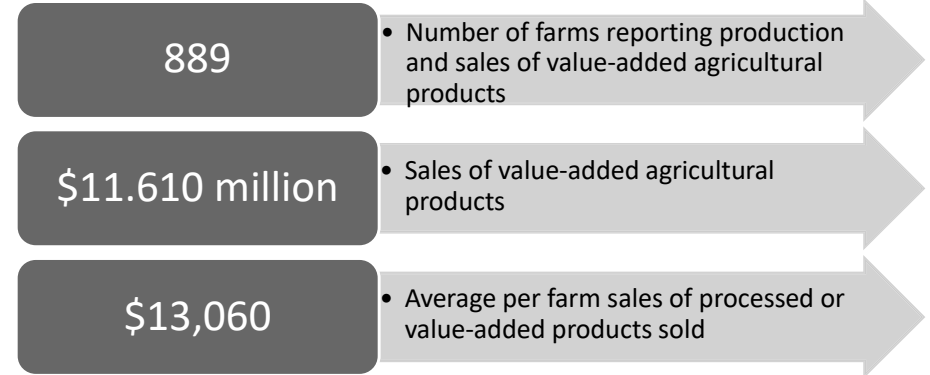


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## Opportunities

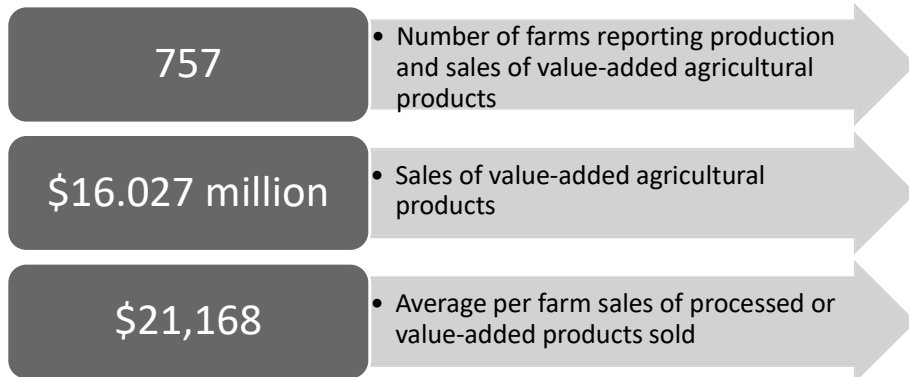
### 2017 Census of Agriculture Data - KY



[https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1,\\_Chapter\\_1\\_State\\_Level/Kentucky/st21\\_1\\_0002\\_0002.pdf](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_1_State_Level/Kentucky/st21_1_0002_0002.pdf)

## Opportunities

### 2017 Census of Agriculture Data - TN



[https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1,\\_Chapter\\_1\\_State\\_Level/Tennessee/st47\\_1\\_0002\\_0002.pdf](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_1_State_Level/Tennessee/st47_1_0002_0002.pdf)

## Opportunities

### COVID-19 Has Given Consumers Five New Reasons To Eat Local

 **Daphne Ewing-Chow** Senior Contributor @ Food & Drink

The journey of food from producers to geographically dispersed consumers relies on large, complex supply chains that, if disrupted, can impact food supplies and throw the global food system into a state of crisis.

#### Locally sourced food...

1. Provides social benefits to consumers
2. Is good for local economies
3. Is healthier and safer
4. Is more resilient to supply chain disruptions
5. Is better for the environment

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<https://www.forbes.com/sites/daphneewingchow/2020/07/30/covid-19-has-given-consumers-five-new-reasons-to-eat-local/#4cad1a73ccc4>

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## Challenges

### Farm Production

- Input Selection and Purchase
- Soil Fertility
- Planting
- Cultivating
- Disease Control
- Weed/Insect/Wildlife Control
- Fertilization
- Irrigation
- Harvesting
- Field Sanitation
- Labor
- Records Keeping
- Farm Inspection/Certification
- Marketing

### Value-added Enterprises

- All Production Issues
- Processing
- Packaging
- Storage
- Regulations
- Marketing
- Distribution
- Customer Service
- Additional labor

## New Food Product Stats

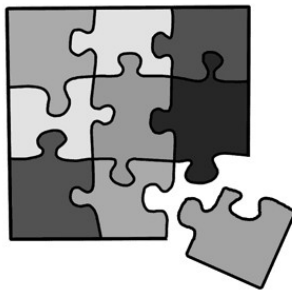
15,000

- Number of new food products launched each year

10%

- The success rate for new food and beverage products

Product is only one piece of the puzzle.



## Why Businesses Fail (The 3 Ms)



**Money**  
Capital &  
Cash Flow



**Management**  
Skills &  
Experience



**Marketing**  
Knowing &  
Accessing  
Customer

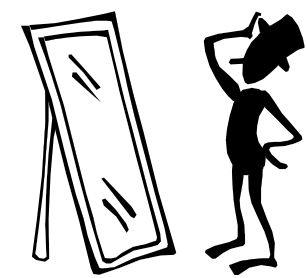


## How achieve profitability?



## 5 Major Steps to Creating VALUE ADDED Products

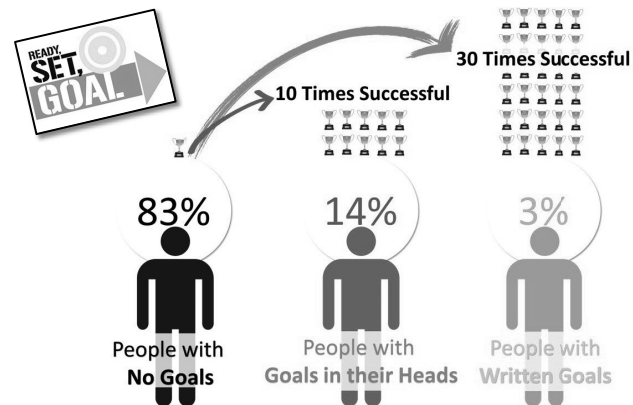
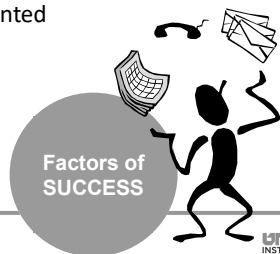
1. Assess your resources, mission and goals.



## Personal Assessment

# Do you have what it takes?

- Self-starter
- Responsible
- Leader
- Hard worker
- Effective communicator
- Adapt well to change
- Accepts risk
- Decision-maker
- Family support
- Healthy
- Ambitious
- Competitive
- Lifetime learner
- Goal-oriented
- Creative
- Patient
- Proactive



<https://www.linkedin.com/pulse/why-only-few-super-successful-people-naveen-raju/>

## Set



## Answer These Questions

- Specific** • What will you specifically accomplish?
- Measurable** • How will you know when you have reached this goal?
- Attainable** • Is this goal attainable with available resources?
- Relevant** • Does this goal positively impact your mission and align with your values?
- Time-Based** • When will you achieve this goal?

## 2. Research the market.



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## Take a Market Driven Approach

Is there a need/want your business can fulfill?

- What and how much is needed or desired?
- What is valued?
- What competition exists?



**2020** was a year unlike any other for the foodservice industry. It tested the limits of operator innovation, accelerated trends, and confirmed that customers miss their restaurant experiences.

The following food and menu trends didn't offset the industry's devastation; it's down nearly \$240 billion in sales and nearly 2.5 million employees are still out of work. But they do show restaurants' resiliency, innovation and commitment. The following were the top operating means by which restaurants survived 2020, from a survey of 6,000 operators and consumer preferences from a survey of 1,000 adults.

- 1. Streamlined menus**  
Full-service operators got lean fast, reducing inventories and developing menu items they could make well with a smaller staff. These items had to travel well and be what customers craved. Expect menus to stay trimmed in coming months.
- 2. Off-premises takes precedence**  
Prior to the pandemic, 80% of full-service restaurant traffic was on-premises. Then in March 2020, most restaurants were forced to shut down on-premises dining. In what's likely the fastest pivot in industry history, focus quickly shifted to off-premises, via takeout and delivery.
- 3. Blended meals, a team effort**  
Homebound, customers like to mix up meals—maybe make the main dish but order appetizers, sides or dessert from a restaurant. Millennials are especially big fans of the blended meal.
- 4. Bundled meals? Considered deals!**  
Why do any cooking? Customers' restaurant choices can be influenced by the offer of a bundled meal that perhaps includes an appetizer, entrée and dessert in either family packs or for individual meals.
- 5. Meal kits make cooking fun**  
More than half of adults surveyed and Gen Z adults. Kits package pre-measured ingredients and instructions to make the restaurant meal at home.
- 6. Meal subscriptions**  
Customers sign up to get meals during the month for pickup or delivery—at a discounted price. More than half of consumers surveyed say they'd sign up if their favorite places offered this option.
- 7. Selling groceries**  
Seems like anything that saves a trip gets a thumbs up. More than half of consumers surveyed would buy groceries (fresh, uncooked food items such as meat, produce, dairy, bread or pasta) if restaurants offered them.
- 8. Alcohol to go**  
A third of off-premises customers (ages 21+) say they included an alcoholic beverage with a takeout or delivery order since the beginning of the COVID-19 outbreak, and they'll continue to in the future.
- 9. Comfort foods**  
Consumers say menus that offer a good selection of comfort foods influence their restaurant choice. From haute to homey, a third of fine dining operators surveyed are adding more comfort items—think burgers, pot pies, lasagna, soups, curries, sandwiches, pizza and noodle dishes.
- 10. Healthy and diet-specific food**  
To the same degree the availability of comfort foods influences restaurant choice, so do healthful menu options. Diet-specific items (gluten-free, vegan, etc.) however, are less important right now.

## Whole Foods Top 10 Food Trends

1. Well-Being is Served
2. Epic Breakfast Every Day
3. Basics on Fire
4. Coffee Beyond the Mug
5. Baby Food, All Grown Up
6. Upcycled Foods
7. Oil Change
8. Boozed Up Booch
9. The Mighty Chickpea
10. Fruit and Veggie Jerky



## A portion of the population with a

1. Need/want that your business can fulfill
2. Willingness to purchase
3. Ability to purchase

Your first and best customer

Identify  
Target  
Audience



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## Take a Market Driven Approach

Does a  
profitable  
market exist?

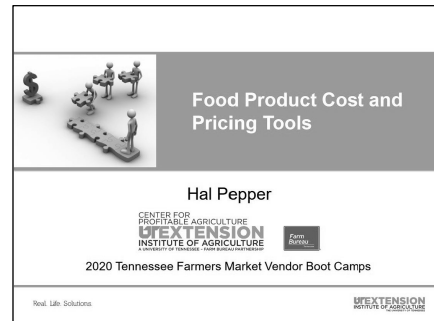
- Is there adequate market size and potential share?
- Able to produce at a cost low enough and sell at a price high enough to generate a profit?

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## Additional Resource

- Food Product Cost and Pricing Tools Webinar Recording
  - Instructor: Hal Pepper
  - [tiny.utk.edu/FoodCost](http://tiny.utk.edu/FoodCost)



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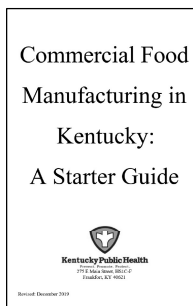
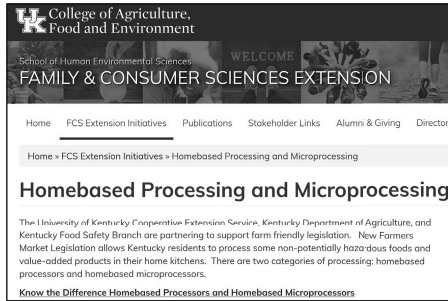
## 3. Investigate the regulations.

- Product manufacturing/marketing
  - Food manufacturing, pet foods and pet treats, soaps and cosmetics, agricultural inputs, etc.
- Business license and taxes
- Sales taxes
- Employment regulations
- County planning and zoning

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# Regulations - Examples

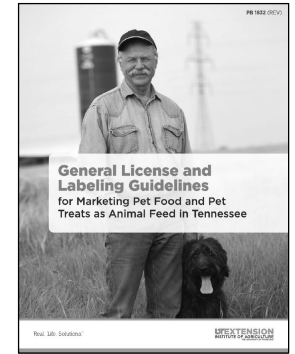


- [https://www.kyagr.com/marketing/documents/FM\\_Commercial\\_Food\\_Manufacturing\\_in\\_Kentucky.pdf](https://www.kyagr.com/marketing/documents/FM_Commercial_Food_Manufacturing_in_Kentucky.pdf)
- [https://fcs-hes.ca.uky.edu/homebased\\_processing\\_microprocessing](https://fcs-hes.ca.uky.edu/homebased_processing_microprocessing)

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# Regulations - Examples



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[cpa.tennessee.edu](http://cpa.tennessee.edu)



## 4. Develop a business plan.



- **Farm businesses that developed a business plan were 2x more profitable!**
- **Producers who communicate were 21% more profitable!**

Dr. David Kohl  
Business Planning Lite

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## Business planning helps determine:



- Where you are
- Where you want to go
- How you plan to get there
- What resources are needed
- Is it possible
- Expected results

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## The business planning process helps:

- Identify values important to you and your team
- Organize and prioritize
- Identify management tasks and people responsible, gaps, challenges and opportunities
- Communicate your vision, objectives, resources and financial considerations
- Develop a proactive mentality
- Defines when goals are reached

## Business Planning Resources



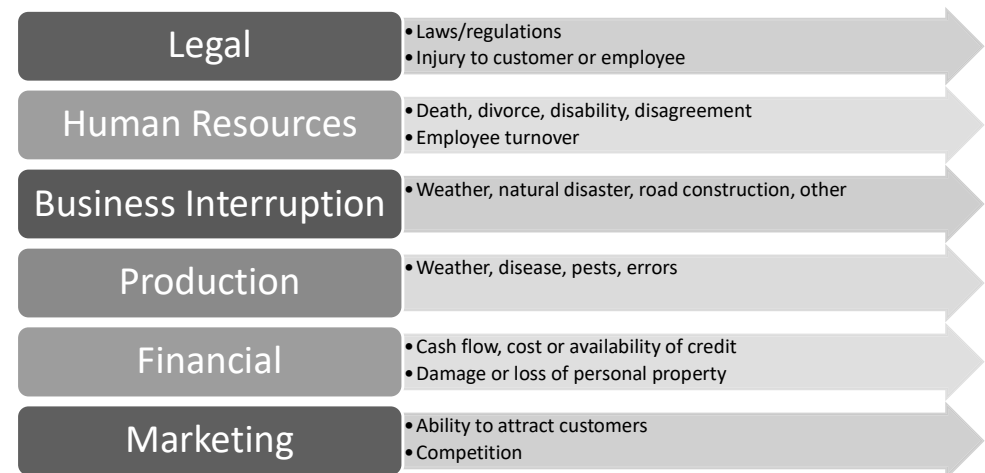
- Building a Sustainable Business  
<https://www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business>
- AgPlan: On-Line Plan Writing  
<https://agplan.umn.edu/>
- Small Business Development Centers

## 5. Assess and manage risk.



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## Types of Risk



# Risk Management Methods



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# In Review

- Value-added is in...but it's not easy.
- Assess your resources and the market potential.
- Develop a plan.
- Use available resources.



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