


# Expanding Opportunities for Small-Scale Farms in the Specialty Food Market

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This webinar is based on work conducted for the USDA-AFRI funded research and extension project, *Beyond Fresh and Direct*. Other project participants are Gail Feenstra, University of California-Davis; Larry Lev and Laurie Houston, Oregon State University; and Jan Joannides, Renewing the Countryside.



United States  
Department of  
Agriculture

National Institute  
of Food and  
Agriculture

This project was supported by Agriculture and Food Research Initiative Competitive Grant no. 2015-68006-22906 from the USDA National Institute of Food and Agriculture.

## Introduction

- Many small & medium-size farmers are unable to compete with larger farmers in producing commodities
- Direct market channels are becoming saturated
- In 2015, total specialty food sales exceeded \$120 billion and comprised 14% of total food sales (Tanner and Purcell, 2016)



# Introduction

- **Our team explored the potential for small & medium-size farms to participate in the specialty food market as ingredient suppliers or manufacturers**
  - Focused on dairy, meat, fruit/veg/nuts and grains
  - Manufacturer survey
  - In-depth interviews with manufacturers and farmer/suppliers
- **What are specialty foods?**

*Foods and beverages that exemplify quality and innovation, including artisanal, natural, and local products that are often made by small manufacturers, artisans, and entrepreneurs from the U. S. and abroad*

*Specialty Food Association*

# Farmer/Buyer Topics

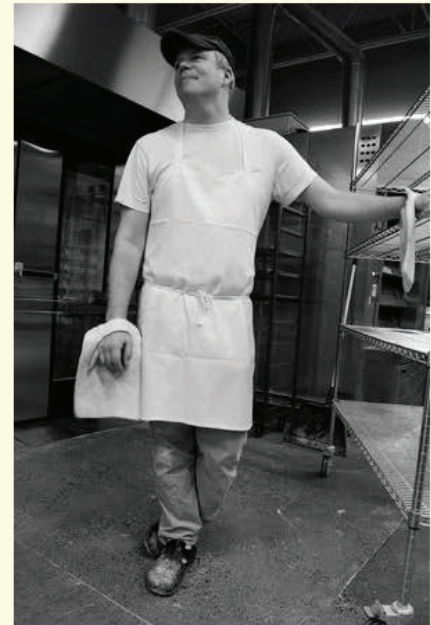
- **Benefits: How Can Sourcing Directly from Farmers Benefit Specialty Food Manufacturers?**
- **Criteria: What Criteria Must You Meet to Sell to Specialty Food Manufacturers?**
- **Connections: How Can Farmers and Specialty Food Manufacturers Connect?**
- **Standards: What Standards Must You Meet to Supply Ingredients to Specialty Food Manufacturers?**
- **Value Added: Should You Produce Your Own Specialty Food Products?**



Jenna Muller, Full Belly Farm  
<http://fullbellyfarm.com/>







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# Benefits

How can sourcing directly from farmers benefit specialty food manufacturers?

- Ease and openness of communication
- Assistance
- Marketing advantages
- Transparency
- Values alignment
- Simple economics



# Criteria

What Criteria Must You Meet to Sell to Specialty Food Manufacturers?

- Quality
- Food safety
- Reliable supply
- Price
- Local/Regional Sourcing
- Stories





# Connections

How can farmers and specialty food manufacturers connect?

- **Getting connected**
  - Networking
  - Farmers markets
  - Visits to food stores
- **Agreeing**
  - Start small
  - Verbal commitments and a shared written record
  - Win-win pricing
- **Making it work**
  - Communication
  - Reliability
  - Flexibility



# Standards

What Standards Must You Meet to Supply Ingredients to Specialty Food Manufacturers?

- **Food safety**
- **Certifications to meet consumer preferences**
- **Personal verification**



# Value Added

## Should You Produce Your Own Specialty Food Products?

- **Reasons to consider vertical integration**
  - Makes best use of farm's entire production
  - Provides additional market opportunities
  - Processing may be something you do well
- **How to analyze this decision**
  - Talent, markets, equipment/infrastructure/financing, regulations
- **Steps to vertical integration**
  - Testing the market
  - Using a co-packer
  - Producing the product yourself
  - Further expansion
- **Marketing**
  - Build demand with stories
  - Special events, tours and tastings



# Links to Fact Sheets

<http://asi.ucdavis.edu/programs/sarep/research-initiatives/fs/supply/beyond-fresh-direct>

The collage features several overlapping fact sheets from the 'Beyond Fresh & Direct' series. The sheets are titled: 'VALUE ADDED: Produce Your Own Specialty Food Products?', 'STANDARDS: How Many More Specialty Food Manufacturers?', 'CONNECTIONS: Specialty Food Manufacturers Are Seeking', 'CRITERIA: You Must Sell to Specialty Food Manufacturers!', and 'BENEFITS: How Can Selling Directly from Farms Benefit Specialty Food Manufacturers?'. Each sheet contains text, images of produce, and a 'NEEDED' section. The 'CRITERIA' sheet includes a list of questions and a photo of strawberries. The 'BENEFITS' sheet includes a list of benefits and a photo of blueberries. The 'STANDARDS' sheet includes a photo of a person at a market stall. The 'CONNECTIONS' sheet includes a photo of a person at a market stall. The 'VALUE ADDED' sheet includes a photo of a person at a market stall. The 'NEEDED' section on each sheet lists the following items: Market research, Marketing plan, Business plan, Financial plan, Legal plan, Insurance plan, and Distribution plan.



# Questions and Answers



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