

SCORE SouthEast Wisconsin

Retail Food Requisites

You want to start commercial food production for retail sale. OK. This not an easy step, and not for the un-committed entrepreneur. The following is a rough primer on its requisites.

This should be a two-step process. [1] First off, learn the business: the rules, the steps of production, customer tastes and preferences, the players, the sourcing of ingredients, distribution channels, licensing, sanitation codes and the agencies involved etc. Much to learn! Many people start out in their own kitchens.

The best approach is to start selling on a small scale, learn the ropes, and learn the lingo. Sell your products at church bazaars, county fairs, festivals, farmer's markets, mall kiosks etc. Here you become acquainted with the customer, what his/her tastes are, spending habits, quantity choices, packaging convenience and costs etc. You refine and trim your thinking to the marketplace where the action is, and your customer is. The adage has wisdom in it: walk, before you run.

[2] Requisites for large-scale food production are the following.

LABEL BASICS For volume sales – to supermarkets, mainstream retailers – your packaging must have certain standard, defined components on a label. [1] You need a **BAR CODE** for each item [so your products will fit into the scanning pay system that is ubiquitous at retail]. [2] You need an **INGREDIENTS** listing [required by statute in most states]. [3] You need a **NUTRITION FACTS** panel with calorie count, fats, sugars, fiber, protein etc. These are items you purchase. [4] You should establish a **BEST USED BY** . . . date, together with **SERVING SIZE** suggestion if appropriate, as well as preparation instructions, or serving ideas.

Examine products on store shelves: what do other labels contain that you could use?

TARGET MARKET Where can you most easily sell your product? What customers are you targeting? Where do these people shop? Talk to the store manger – Would he give you a chance, to buy your product, to stock your product?

COMPETITION Who is your competition? What are they doing? What ideas can you use for your own products? And ideas you do not like!

PACKAGE SIZE Single serve? Family portions? How consumed: center of the plate, side dish, snack, impulse purchase etc? The content size of the package: 8 oz; 14 oz; bulk two pound [family pack/picnic size]. Each has a different niche and use and appeal. There are basic package decisions you must make before production.

You may have bulk pack in mind for use in a retail counters with clerk-assisted sale? You do not need a fancy label for this, but you do need clear positive identification of product. What Point of Sale accessories will the buyer want from you, to help move your product? Signage?

LABELS First consideration, What packaging material will you use? Paper bag, plastic tray or plastic bag? Aluminum tray, foil pack. Weight and durability of materials? Sealed? Item in package is covered, or with a see-through window, or clear top etc? Vacuum pack?

SCORE SouthEast Wisconsin

DESIGN OF LABELS What color palette for the label? Color or b&w? Picture or all text? Basic layout of design: crowded with text, or open and airy and healthy looking? Do it yourself, or use a professional graphic designer?

Your product is crowded among, jostled among, and competes with hundreds of similar [or identical] food items on food market shelves. What will distinguish your product from this host of competitors, all screaming in print: BUY ME!? You must think out your enticements, and attractiveness of this label. Your only salesperson is the label!

MARKETING How will you promote sales? Have a kick-off campaign - good idea. What to do thereafter for repeat sales? Sampling your products on weekends at the end of an aisle? What promotions are you thinking about, if any? Mail in coupons? Cooking demonstrations? Sticker discount? Quantity discounts to the supermarket, or seasonal promotions?

DISTRIBUTION Will you do the shipping and distribution [and shelf stocking] yourself? Or will you contract with a distributor to do this for you? How then will you price the product to the distributor? You must then select a distributor who deals in your type of merchandise, with a good fit. What is the scale of your thinking?

Give thought to each of these parts only sketched above. Addressing each issue – and neglecting none – will give you a better chance of success.

LICENSES AND CERTIFICATIONS Big Business – i.e. the supermarkets – will require a certified commercial kitchen and in-place licenses for food production. Local governments issue licenses. Contact local city, county, and state agencies to see what their requirements and specifications are. Commercial kitchen requirements are stringent and specific [and costly]. Explore state commercial kitchen specs in your state. This includes restaurant kitchens.

LIABILITY INSURANCE Supermarkets will require [and you want it too] liability insurance for product safety. Your policy on your own products reduces their overall exposure to liability [and attendant costs]. Get quotes from a sales agent to get the right price.

SLOTTING FEE Shelf space and location in stores must be purchased or leased. What? I do not know if this is the case at all stores, but do not be surprised if this occurs if you must pay for space. Better positioning costs more!

Does all this make sense to you? And seem reasonable, if excessive!

More ideas: check products of other manufacturers on these shelves for further input. Now you have homework to do! Lots of it! For ideas and implementation.