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Press Release

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Value-Added Foods May Find Niche in Traditional Grocer Stores

According to information from The Food Institute Report, from 1999 to 2004, the amount of weekly household shopping at traditional “supermarkets” decreased while alternative formats (namely supercenters, drug stores, small-format value retailers, warehouse clubs and convenient stores) had an increase in shopping frequency. In the coming years, “supercenters” are expected to dominate the growth in the overall category of “nontraditional” retail food stores.

According to Rob Holland, University of Tennessee Extension specialist with the *Center for Profitable Agriculture*, the next five years will present even more opportunities for entrepreneurs marketing value-added foods. “In the next five years, consumer trends indicate that alternative food formats will capture a larger portion of the growth in spending for food-at-home while the share of dollars spent on grocery and consumables at traditional retailers will continue to fall,” Holland said.

What’s the silver lining to this apparent storm cloud for local retailers? The “natural/specialty” food category, which accounts for a very small amount of the traditional grocery store channel, is expected to slightly increase its overall market share by 2009. This emerging trend presents an opportunity for value-added food entrepreneurs, Holland says.

Holland suggests value-added producers actively market their products to traditional and nontraditional grocery operators. He specifically suggests these approaches when working with local retailers:

- Point out how the value-added products differentiate the retailer for its customers and represents value to their customers.
- Focus on how marketing the value-added products provides variety and service to their customers. Many people now prefer private label and local brands.
- Help retailers redefine the shopping experience for their customers.

By convincing local retailers to put locally-made products on the shelves, value-added producers may be able to enhance the bottom lines of neighboring retailers while at the same time keeping their own bank accounts healthy, said Holland.

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