

ANALYSIS OF GROCERY STORE
MARKET ACCESS OPPORTUNITIES
FOR
SMALL-FARM AND VALUE ADDED
PRODUCTS

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This project was funded in part under an agreement with the Tennessee Department of Agriculture and the USDA Federal-State Market Improvement Program.

Study was conducted to determine the requirements, criteria and grocers' preferences for the selection of food products in their stores.

The results can:

- Assist agri-entrepreneurs and small farm agribusinesses in the development of new market opportunities
- Assist in the evaluation of markets for value-added products and enterprises
- Contribute to an improved understanding of the critical success factors and characteristics of market demand needed for successful value-added agribusinesses.

In March 2001, a proposal was submitted to the Federal-State Marketing Improvement Program (FSMIP) to develop five market development resource tools.

One of the goals was to analyze market access opportunities for small-farm and value-added products with local grocery stores

The entire grocery store survey project was accomplished through the cooperative efforts of several teams of contributing partners.

- Survey development team had 7 members
- Survey implementation team had 14 members
- Publication team had 9 members

47 questionnaires were returned from 47 individual grocery stores

- The stores represented in the survey are located in 23 Tennessee counties
- The largest geographic concentration of responses was from Middle Tennessee, with 87% of the participants located within 70 mile of Nashville.

A majority (79%) of the grocery store personnel completing the questionnaires was male while 21% were female.

Almost three-fourths (74%)
of the personnel were between
the ages of 31 and 50

Percentage of Surveys by Age Category

<u>Age Category</u>	<u>Responses</u>
20 to 30	4%
31 to 40	38%
41 to 50	36%
51 to 60	18%
61 to 70	2%
70 and older	2%

Almost all of the personnel indicated that food items acquired for their grocery store are from a food wholesaler.

The Percent of Stores That Use Specific Sources of Food Products and the Percent of Food Acquired through Each Source

% of Stores That Acquired Food Products from Certain Sources	Source of Food Products	% of Food Items in the Store Acquired from Certain Source
97.8	Wholesalers	76
4.3	Large, National Manufacturers	0.2
77	Direct-Store-Delivery Vendors	22
38	Direct from a Small Food Producers (including farmers and food entrepreneurs)	1.8

Deciding What Products to Carry ?

- Shelf Space
- Customer Recommendations/ Request
- Proven Sales History
- Promotional Help
- New Products
- Ability to Restock
- Product Category
- Option to Consign
- Price
- Supplier Recommendation
- Label in Spanish and English

Percent of Stores Indicating a Specific Criteria as One of their Top Three Most Important or the Single Most Important Criteria

Percent of Stores Indicating a Specific Criteria as One of Their Top Three Most Important	Criteria Used to Decide Which Food Products Will Be Placed in the Stores	Percent of Stores Indicating a Specific Criteria as the Single Most Important
62	Shelf Space	15
57	Customer Recommendation/ Request	41
50	Sales History	26
30	Promotional Help	18
26	New Product	
19	Ability to Restock	
15	Product Category	
11	Option OT Consign	
11	Price	
6	Supplier Recommendation	
2	Label in Spanish & English	

Selecting New Products to Carry

- Each Store added an average of just under 100 new food products each
- Of the 96 new products added, only 44 are still on the shelves in one year
- Only 46% of new food items placed in grocery stores are still in the store one year later.

HOW TO GET PRODUCTS TO GROCERS

- Pricing must be consistent; producer must back product
- Delivery schedule and process for reorders
- Producer handles entire process from shipping to stocking shelves
- In-store demonstration/sample day
- Availability, stable pricing and good acceptance from consumers
- Contact wholesale supplier and ask them to carry it
- Delivery to the store by producer
- Producer should have delivery schedule
- Vendor must approve credit and must deliver sufficient quantities
- Run advertisement with a good price