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Support Provided to Food Entrepreneurs and Processors in 2006 by the Northeast Center for Food Entrepreneurship at the New York State Food Venture Center

By Olga I. Padilla-Zakour and Sarah J. Lincoln, Cornell University

In 2006, the Center was able to continue to provide comprehensive assistance to clients developing new food products for the marketplace with the support from the NYS Agricultural Experiment Station, Cornell University and from a grant from the New York Farm Viability Institute under The Agriculture Innovation Center program. The grant focuses on NY farm producers and aims to enhance the sustainability of farmers by adding value to crops.

Between January 1, 2006 and December 31, 2006, the Center has been in contact with 1000 clients from 33 states and 7 additional countries. 700 inquiries were product-related and 300 were general inquiries. The Food Venture Center had 189 clients from 12 states and 1 from the United States Virgin Islands file for 594 scheduled process approvals. That averages to be approximately three products per client. The center's laboratory analyzed 429 samples for product safety and technical feasibility. Most food product prototypes were analyzed for pH and water activity to determine critical control points and food classification for federal and state compliance issues.

Throughout 2006, most of the requests for assistance came from New York totaling 141 clients that filed for 453 scheduled process approvals. In New York, the state regulations govern the production and sale of foods and therefore a large number of entrepreneurs need specialized assistance from food process authorities. The Center also issued many scheduled processes to clients in neighboring states.

Products Evaluated and Approved for Safety per State in 2006

<i>State</i>	<i>Number of Products</i>
New York	453
Massachusetts	47
Ohio	25
New Jersey	20
Connecticut	11
Pennsylvania	10
Florida	9
Michigan	7
North Carolina	3
Rhode Island	3
United States Virgin Islands	3
South Carolina	1
Vermont	1

Type of Products Evaluated and Approved for Safety in 2006

<i>Product Category</i>	<i>Number of Products</i>
Acidified	268
Acid	190
Dressings/Flavorings	52
Meats	19
Confections/Syrups	14
Other	12
Refrigerated	11
Beverages	8
Low Acid	7
Baked Goods	5
Grains, Flour, Mixes	4
Fish/Seafood	2
Dairy	1
Fats/Oils	1

The Center also offered a variety of training workshops and participated in other technical programs with specialized presentations reaching over 1,100 people. Similar programs will be offered in 2007 based on training needs.

Workshops - 2006

“Hard Cider Making – A Foundation”, December 5-8, 2006, Geneva, NY. 24 attendees.

“Spanish Good Manufacturing Practices for the Production of Shelf-Stable Acid and Acidified (Pickled) Foods”, October 11, 2006. CCE Dutchess County. Millbrook, NY, 18 attendees.

“Food Labeling Workshop”. Baldwin Richardson Foods Inc. September 19, 2006. Macedon, NY. 12 attendees.

“Spanish Better Process Control School”. August 7-10, 2006, San Jose, Costa Rica, 49 attendees.

“Better Process Control School”, May 8-11, 2006, Geneva, NY, 72 attendees.

“Value Added Products - Alternatives for Utilization of Grape Varieties Traditionally Used for Juice Production”, workshop session at 35th NY Wine Industry Workshop, April 4, 2006, Geneva, NY, 15 attendees.

“Juice HACCP Certification”, February 22-24, 2006, Bangkok, Thailand. 68 attendees.

Presentations and tours

NYSAES and Small Food Processing Business. Visit to the Geneva Experiment Station by Cornell Alumni Affairs and Development Staff. December 14, 2006. Geneva, NY. 16 attendees.

The Food Venture Center Extension and Research Activities. CALS Advisory Council Meeting. November 17, 2006. Geneva, NY. 63 attendees.

Commercialization of Value Added Products From Fruits. Invited lecture and demonstration for HORT 442 Berry Crops Lab. October 30, 2006. Ithaca, NY. 20 attendees.

Careers in the Food Industry. Three presentations for Hillside Varick Campus 2nd Annual Agricultural Careers Day. October 3, 2006. Varick, NY. 55 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For Infotonics Personnel Tour. September 22, 2006. Geneva, NY. 25 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For State Senator Ray Meier visit to NYSAES. September 12, 2006. Geneva, NY. 2 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For Northeast State farm Bureau President and Administrators Tour. August 3, 2006. Geneva, NY. 40 attendees.

Hydrocooling and MAP Technology for Sweet Cherries: Current Results. Presentation at Sweet Cherry Field Day, July 13, 2006, Geneva, NY. 30 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For GAP Meeting. July 7, 2006. Geneva, NY. 25 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For NY FarmNet tour. June 15, 2006. Geneva, NY. 30 attendees.

Recent Activities of the NYS Food Venture Center. CCE Executive Directors meeting and tour. June 15, 2006. Geneva, NY 12 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For Cornell executive VicePresident Steve Golding Visit to NYSAES. May 31, 2006. Geneva, NY. 10 attendees.

The Schedule Processes and the Role of the Processing Authority. Acidified Foods Course for FDA and NYSDAM inspectors. May 23, 2006. Geneva, NY. 35 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For Wayne County Cooperative Extension Tour. May 19, 2006. Geneva, NY. 20 attendees.

The Food Venture Center: Impact on the Food Industry. Presentation at State Senators' visit to Cornell. May 18. Ithaca, NY. 20 attendees.

The New York State Food Venture Center Invigorates the Food Industry. Value Added Summit. May 15, 2006. Penn State, PA. 60 attendees.

Recent Activities of the NYS Food Venture Center, presentation at CIFS Advisory Council Meeting. April 9, 2006. Ithaca, NY. 20 attendees.

"Opportunities to Utilize Native NY Grape Varieties in the Beverage Industry". Presentation at 35th NY Wine Industry Workshop, April 4, 2006, Geneva, NY, 15 attendees.

"Impact of assistance provided to NY Farmers by the FVC under the NYFVI AIC Grant". NYFVI Annual Meeting. March 16, 2006. Syracuse, NY. 130 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For Sarah Lawrence College Farm and Agriculture Tour. March 13, 2006. Geneva, NY. 12 attendees.

"Apple Processing". Invited lecture at Kasetsart University, February 21, 2006. Bangkok, Thailand. 40 attendees.

"Current Research on Adding Value to Fruits and Vegetables". Invited seminar at Kasetsart University, February 21, 2006. Bangkok, Thailand. 60 attendees.

"How Cornell's Food Venture Center Supports the Food Industry". Invited seminar at Kasetsart University, February 20, 2006. Bangkok, Thailand. 60 attendees.

Tour of Food Venture Center and Fruit and Vegetable Processing Pilot Plant. For Vice Provost Land Grant Affairs Ron Seeber visit to NYSAES. February 2, 2006. Geneva, NY. 3 attendees.

"Adding Value to Maple Products". 2006 New York State Maple Conference, January 7, 2006 Verona, NY. 32 attendees

"Invigorating the NY Food Industry through Effective Research and Extension". Hot Sauce, Water, and BioEnergy CALS Alumni Meeting and Faculty Panel. January 4, 2006. Syracuse, NY. 60 attendees.

Entrepreneur's Profile: Joan Bernstein Paumanok Preserves

Paumanok Preserves
Center Moriches, Long Island, NY
Joan Bernstein, founder and operator
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In the summer of 1996, Joan was helping at her sister's farm stand in West Hampton, Long Island. One Sunday, her sister asked Joan if she could salvage some blueberries that would not make it to the next weekend. Joan took the berries, bought some Ball jars and Certo at the local supermarket, and "cooked it the way my grandmother did." She sent the resulting twelve 8-oz. jars of jam back to the farm stand, where they sold out in two hours at \$5.00 a jar. She continued to get surplus and blemished fruit from local farm stands and stores, turning the produce into premium specialty jams. Recently retired, Joan discovered that she was able to make a few bucks selling Paumanok Preserves at local fairs and festivals, selling right off the back of her Chevy farm pickup, for authenticity.

After two years, however, she decided to upgrade to her current hex jars, using the distinctive burgundy or dark green and gold labels she designed herself, with the Long Island logo. All products are artisan-made, gourmet-grade, cooked by Joan in small batches in the kitchen of the original 100 year-old family farmhouse. She relies predominantly on locally and regionally grown fruit, taking advantage of the long tri-state growing season. Her products- jams, jellies, chutneys, marmalades, fruit butters, conserves, sauces- are all natural, using sugar, or sugar and vinegar as preservatives.

Paumanok products have developed a prestigious reputation through word of mouth, gifting, and her comprehensive website. From May to November, Joan sells at two East End markets every Saturday, and also at fairs, special events and mail order. She wholesales to select retail stores, farm stands, and several wineries, primarily in Long Island. Last summer, sales at fairs and wineries were down partially due to the economy and to new competition in the high end jams and jellies market. According to Joan, a local entrepreneur has been cutting into specialty sales with low cost preserves made from purchased frozen fruit mix, marketing it as a "local" premium product, sold at a lower price. Joan, who describes herself as a survivor and a fighter, plans to "hang in there, because people are spending cautiously on luxury items right now, but if you make

something irresistible enough... and that's a matter of good marketing." So she is also strategizing about how to keep her place with new competition and changing demographics: something that all small processors deal with – especially in the evolving jams and jellies market.

Joan recommends that small processors understand their business capacity, as well as its potential. Last year she took a big order from a major retail chain that almost put her out of business. "I am still trying to recover. I focused all my resources on one huge order, to the detriment of other sales." She had to employ part-time help, which Joan says, "...is the hardest part of the business. You have to be *very* careful who you hire. For example I no longer ask if they have a car: I ask if it runs!"

Joan is now concentrating on taking her business in another direction, and she is determined. "I am a small business with a great reputation for quality," says Joan, "But I am only one person and I can't do everything. So, I do what I do best: the creative aspects of the business, including cooking. Thankfully, I have family and friends who handle other aspects at which they are more proficient than I am; or who make my time more efficient." Joan's 91-year-old mother, Belle Bernstein, for example, does the labeling ("It's *her* job; she loves participating, and it energizes her to know I'm depending on her."); her daughter, Donna, handles the bookkeeping; and friends pitch-in at the Saturday markets. Joan goes to the local farms herself, however, to select and buy most of the fruits and vegetables that go into her products. "You're not going to get the taste and quality you want if it isn't there in the first place."

Joan credits the Food Venture Center with helping her make things work. "Don Downing and Judy Anderson knocked themselves out" to help Joan format her recipes, get them approved, and get her up and running. "Recipe revisions, labeling, consistency of products, recommending pH meters, referrals for bulk ingredients, container resources; "Whatever my question, they had an answer, and they kept me on track." Attending Better Process Control/ Acidified Process School was not easy but "Judy and Olga got me through it. I was a nervous wreck. I hadn't sat at a student's desk since I got my Master's in English in 1967!"

Joan sees her preserves business as supplemental to her social security. A side benefit has been to keep her active and "with it". Besides her busy off-season schedule filling website orders, making gift baskets, and planning for the forthcoming year, Joan has another life as a cat fancier. When I interviewed her for this article she was organizing Long Island's annual Paumanok Cat Show for the second weekend in January 2007. She writes for Edible East End Magazine; book reviews for her community library; is working on a cookbook featuring her products; and is a member of the local chapter of the Slow Foods Movement, the Long Island Farm Bureau, and Pride of New York.

By Cheryl Leach

FDA AUTHORIZES NEW HEALTH CLAIM REGARDING FAT

FDA issued an announcement authorizing a new health claim about consumption of saturated fat, trans fat and cholesterol and reduced risk of heart disease. The exact wording of the claim is:

"Diets low in saturated fat and cholesterol, and as low as possible in trans fat, may reduce the risk of heart disease."

The food(s) eligible to bear the claim must:

1. Meet the FDA regulatory definitions for "low saturated fat" and "low cholesterol", that is, the qualifying foods must contain 1 gram or less of saturated fat and 20 milligrams or less of cholesterol per reference amount customarily consumed (RACC);
2. Contain less than 0.5 g of trans fat per RACC or must meet any FDA definition of "low" trans fat if a definition is established;
3. Contain less than 6.5 grams total fat per RACC;
4. Be in accordance with all general health claim requirements found in 21 CFR 101.14 except for the requirement that the claim be specifically provided for in subpart E of 21 CFR part 101. The general health claim requirements include, in part, a requirement that the food must not exceed 480 mg of sodium per RACC. The foods must also meet the minimum nutrient contribution requirement for health claims (21 CFR 101.14 (e)(6)).

The notification and materials regarding the claim are publicly available from the FDA Division of Dockets Management (Docket No. 2006Q-0458). Persons interested in these documents may view them at the Division of Dockets Management from 9am to 4pm, Monday through Friday at 5630 Fishers Lane, room 1061, Rockville, MD 20852. The Division of Dockets Management may be contacted at 301-827-6860. FDA also intends to make the documents available on the Dockets web site at <http://www.fda.gov/ohrms/dockets/dockets/dockets.htm>, under Docket No. 2006Q-0458.

Information summarized from:

www.cfsan.fda.gov/~dms/flfats.html

The following article is provided courtesy of “The Food Institute Report”, www.foodinstitute.com, 1 Broadway, 2nd floor, Elmwood Park, NJ 07407, phone 201-791-5570.

TOP FOOD PRODUCT TRENDS 2007

The foodservice industry’s transition towards healthier eating options in 2007 will be a major trend during the year. For example, CONAGRA is introducing *Healthy Choice All-Purpose Flour with Whole Grains*, while INDIAN HARVEST is distributing *Whole Grain Five* (grain and four rices – wild, brown, Emperor’s green and red), both of which are being sold to foodservice operators. In addition, manufacturers are introducing trans fat-free oils. ASOYIA, for example, recently produced zero-trans-fat, GMO-free, 1% linolenic acid soybean oil that lasts 25% longer in frying applications, reported *Restaurant Business Magazine Online*.

Other top trends and types of products to watch during 2007, according to *Datamonitor*, are as follows:

- **Calorie burning beverages**, such as sodas with green tea and other ingredients, that raise metabolism;
- **Satiety-enhancing foods** and drinks, which limit consumers’ snacking and help them feel satisfied longer;
- **Mobility**, which manufacturers will consider when creating products for “on-the-go” lifestyles;
- **Local sourcing** of ingredients, because growing evidence shows consumers are attracted to locally grown products;
- **Healthy Kids’ Food**, a continuing trend where manufacturers will market products to children based on better health standards;
- **Antioxidants**, which are found in fruits and vegetables, and have become popular in dark chocolate this year, will continue to be popular in 2007;
- **Immunity boosting products**, such as probiotic foods that help regulate digestive tract health, and foods that claim to improve the immune system;
- **Food and drink options “for one,”** like GREEN GIANT *Just for One! Frozen Vegetable* and BAKER’S INN *Short Loaf Sliced Bakery Bread*, are examples of products aimed towards the individual;
- **“Smart” products and packages**, or self-diagnosing products, which could be a promising new development in packaged goods;
- **“Better-for-You” beer**, such as *Stampede Light*, which claims to be the “first ever government approved vitamin beer,” reported *Bakingbusiness.com*.

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TRENDS SHAPING THE CONSUMER PACKAGED GOODS INDUSTRY

The consumer packaged goods industry (CPG) is making a hefty contribution to the U.S. economy of an estimated \$2.1 trillion of revenues and more than \$1 trillion worth of value added to the overall economy, according to the Grocery Manufacturers Association/Food Products Association *Financial Performance Report*, conducted by PriceWaterhouseCoopers. Some of the trends responsible for shaping the CPG industry analyzed in this newly released study include an increase in private-label products, rising input costs, the need for continual product portfolio management and stakeholder demands. Among the important issues affecting the CPG Industry:

- Private Label:** National brands, which have always competed with one another for limited shelf space, are faced with growing competition from retailers that are aggressively marketing and increasingly delivering high-quality private-label products. As shoppers continue to become more discerning and accepting of quality private-label products, this will significantly impact CPG manufacturers in the areas of pricing, brand building, and managing margin for sustained improvement.
- Shifting Consumption Patterns:** Profound changes in attitudes, health, convenience, and lifestyles make it difficult to segment consumers according to traditional demographics (age, gender, income, etc.). Shifts in consumer demand and purchase rationale are driving CPG behavior in areas such as developing health-conscious foods, new convenience product categories, total “solution” products, and “high-low spending” patterns.
- Stakeholder Demands:** Demands such as confronting the obesity challenge in the U.S., adhering to high environmental and labor standards in worldwide operations, and tackling corporate fraud are shaping CPG companies’ branding and positioning strategies. Stakeholders are taking a more proactive approach to attempting to influence corporate direction and general oversight.
- Ethics, Fraud, and Compliance:** In addition to increasing regulatory pressure from U.S. Food and Drug Administration and European Union regulators, CPG companies face increasing security from the Securities & Exchange Commission and local governments in the global market. The cost and complexity of meeting these requirements is growing and the increasingly global nature of many CPG manufacturers adds further complexity.
- Rising Input Costs:** Price increases for a number of CPG input materials and services have generated increased pressure on gross margins. Increased demand within the industry, new competition for these materials, and diminished overall supply have pushed price levels for many goods to historical highs. The challenge is that some of these influences are structural and unlikely to disappear anytime soon.

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KEY TRENDS IN PRIVATE LABEL

Private label brands are increasingly being introduced by U.S. retailers to drive sales growth, particularly in the center store, according to Information Resources Inc.’s (IRI) *Private Label Report: Understanding Key Trends and Key Success Factors in Private Label*. The report highlighted that private label is positioned to grow in both healthy and struggling economies. There is also a high propensity to buy private label among younger households, which will aid future growth.

“Sales of private label products in the U.S. are nearly \$50 billion per year and command a 16% share in total consumer packaged goods sales...and retailers need to develop a stronger understanding of emerging private label brands,” according to IRI’s President of Retail Solutions and Strategic Consulting.

The report indicated that as grocers begin to scale back center store square footage, the growing presence of private label will increase the likelihood that second- and third-tier national and regional brands will lose shelf space and SKUs.

Some grocers have recognized this trend and are taking action. Wild Oats Markets developed an alliance with Price Choppers Supermarkets to introduce its private label line of natural and organic products in their retail locations. Price Chopper plans to offer the Wild Oats branded products in all 115 of its stores in six Northeastern states. Wild Oats also finalized a similar agreement with Pathmark Stores, Inc., in which Pathmark will offer 200 Wild Oats specialty branded products in 122 stores in the Northeast beginning in December. Additionally, Pathmark recently joined Topco Associates, LLC, and will participate in Topco’s private label program involving grocery, frozen, dairy, bakery, health and beauty care. Topco is a privately held national cooperative specializing in aggregating the purchases of its 60 food industry member-owners in product procurement.

The IRI report also found that branded manufacturers believe that retailers have successfully “closed the gap” with their private label brands in terms of product quality and innovation in many key areas. Many are focusing their resources to determine how to create “space” between their brands and private label in the minds of consumers. One of the ways in which retailers are focusing is on upscale or luxury private label products. To appeal to more affluent customers, retailers are adding private label products that promise luxury rather than emphasizing value, with names like Publix’s *Premium*, Kroger’s *Naturally Preferred* and Target’s *Archer Farms*. For example, Publix *Premium* strawberry ice cream contains more fruit than Publix’s standard brand. Likewise, Target sells basics like Texas Toast and white sandwich bread under its *Market Pantry* label, while its premium *Archer Farms* line includes artisan breads and frozen foods like mustard-crusting ahi tuna nicoise with artichoke hearts and minted pesto. Already about

80% of gourmet grocer Trader Joe's products are store brands, compared to about 20% in a typical supermarket, according to *Detroit News Online* (November 2006).

Some of the strategic benefits of selling private label suggested in the IRI report include differentiating the store brand and enhancing shopper loyalty through innovative products geared towards key shopper segments. Also, the report suggests that retailers should understand new consumer attitudes towards private label on a category-by-category basis to improve overall focus on private label product innovation and marketing efforts.

FOOD INSTITUTE REPORT, NOVEMBER 27, 2006