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Selling Honey Products in MI

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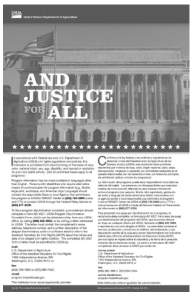

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Initial Counseling Session

I have the best unique recipe/idea. Family and friends tell me to take it to market.

Where do I go from here?

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Poll 1

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Honey Product Licensing: Regulator By Product

FDA - Personal Care: Cosmetics – lotion, soaps, etc
FDA - Medical: Honey Paste for wounds
MI Liquor Commission Alcohol:
- Honey beer
- Honey Liqueurs

MDARD Food:
- Honey spreads
- Honey Jelly
- Syrup
- Sugar Substitute
- Confections: Caramels, Nougat, Torrone, Marzipan, Gum
- Honey in Baked Goods

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Today's Focus: Food Focused

- U.S. Food and Drug Administration (FDA) Food Law - National Law
- Michigan Department of Agriculture and Rural Development (MDARD) Food and Dairy Division – Sets and enforces MI rules based on the federal Food Law

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Regulatory Agency ID:

Based on How Selling

Type of Food and Sales Avenue	How Licensed
Food for Immediate Consumption	Local Health Department
Packaged & Not Potentially Hazardous Food for Direct Sale	State (MDARD)– Cottage Food Law (no license, commercial kitchen or inspection needed)
All Packaged Food Products for Retail and Wholesale	MDARD – license, commercial kitchen, and inspection needed
MOST Packaged Meat	United States Department of Agriculture – license, inspection, etc

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Licensing Rules for Honey

- **<$15,001 Gross Sales/Yr (Plus Meet Eligibility Requirements)**
  - Obtain Food Establishment Exemption
  - No Food Establishment License for Processing
  - No Facility License
  - No Storage License
- **>$15,001 Gross Sales/Yr**
  - Food Establishment License for Processing
  - Licensed Kitchen Required
  - Warehouse License

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Licensing Rules for Other Products

- **Direct Sales Face to Face $25K/Yr and Under:**
  - Cottage Food Law: Baked goods, candies, dry mixes, dry snacks and other non-potentially hazardous foods
    - no licensing needed
    - no commercial kitchen needed
    - specific labeling guidelines

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Licensing Rules for Other Products

- **Online, Wholesale Sales, Potentially Hazaroud Food or Above $25K/Yr:**
  - Food Establishment License for processing
  - licensed kitchen required
  - warehouse license
  - state labeling

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MDARD Processing License

Retail Food Establishment (FRF) License **- $186.00**

- Selling of food direct to consumers only

Limited Wholesale (Direct too) Food (FLP) Processor License **- $186.00**

- Direct and wholesale
- $25,000 or less of gross sales

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Processing and Storage License

Food Warehouse (FFW) License **- $186.00**

- Storage of prepared food products

Wholesale Food Processor (FFP) License**-$471.00**

- Direct and Wholesale
- More than $25,000 in gross sales

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Facility Licensing

- **Option 1:** Plan Review and Fixed Establishment License for Commercial Kitchen
- **Option 2:** Shared Commercial Kitchen Already Licensed

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Facility/Honey House Regulations

- Honey Extraction Rules
- Transportation of Raw Honey
- Floors, Ceilings, Walls
- Ventilation, Heating, Lighting
- Water Supply, Septic, Toilets, Handwashing Sinks
- Equipment
- Sanitation
- *See MI Beekeeping Rules and Regulations*

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Target Market Centered

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Competition - Differentiation

- How Compete Against Them
- What Makes you Unique?
  - Local
  - Ingredients
  - Product Size
  - Packaging
  - Marketing

Image by http://www.visualexpert.co

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Competition:

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Competitor Log

Brand name	Size	Retail Price	Label Design	Comments/ location

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Recipe Commercialization

- Batch Size ID
- ID Ingredient Form and How To Scale Up (Fresh, frozen, chopped, etc.)
- Recipe = Standardized Ingredients in Physical Weight
- ID Preparation Procedures and How Scale Up Process
- ID Selling Container

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Product Testing:

Shelf Stable vs. Refrigerated
What is the difference?




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Food Safety

The Science Of Food

1. **Water Activity:**

"Aw" means water activity in 'foodspeak'

2. **Acidity:**

'pH" means the acidity in 'foodspeak'

The relationship of these two factors will help determine what kind of product you have and how it can be manufactured and safely stored

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Packaging

"Successful marketers understand that for the consumer the package is the product."

Meyers and Lubliner
The Marketers Guide to Successful Package Design

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PRODUCT - Packaging: Colors

- Bright colors
  - Lightness, festivity, joy
  - Used on cereal boxes
- Darker Rich Colors
  - Seriousness
  - Gourmet, warmth, appe
- Green
  - Health oriented product
- White or Light Colors
  - Diet, light
- Metallic
  - Upscale, high quality, gourmet, luxury

Photos: luckycharms.com, leancuisine.com, Rhythminternational.com

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Packaging:


Your assigned counselor can assist you with packaging ideas or suggestions.

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Poll 2

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Product Labeling

- A label is both a **legal** requirement AND a **marketing tool.**
- Use branding on your **label to attract customers and stand out** on the shelf.

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Labeling Rules:

- **<$15,001 Gross Sales/Yr (Plus Meet Eligibility Requirements)**
  - Name and Production Facility Address
  - Name of Product
  - Net Weight in English and Metric
  - Disclaimer on Facility
- **>$15,001 Gross Sales/Yr**
  - MDARD Label Requirements

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Example For Exempt Label

Honey

123 Foodstuff Lane
Casserole City, MI 82682

"*Processed in a facility not inspected by the Michigan Department of Agriculture & Rural Development*" Artie Pinkster

~~Ingredient: Honey~~

Net Wt. 3 oz (88.7 ml)

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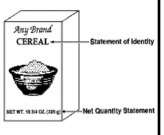
MDARD Product Labeling

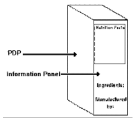
** See MDARD Food Labeling Guide*

Two Options:

- All statements on the front label panel, (the PRINCIPAL DISPLAY PANEL= PDP)



- Required statements on PDP and other statements on Information Panel/IP (immediate right of PDP)



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MDARD Product Labeling

Name of Item

- Common name of product must be on label

Net Weight or Volume

- Must be located in lower third of panel
- Both metric and imperial are required

Ingredient Statement

- In descending order by weight, listed by common name, other rules apply

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Poll 3

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Nutrition Facts

- **Not required for** companies with less than <$500,000 in TOTAL Sales (food product + non-food product sales) AND whose food sales are less than $50,000 IF you are not making any nutrition claims
- **Customers** look for it
- **Product Center** can develop for fee

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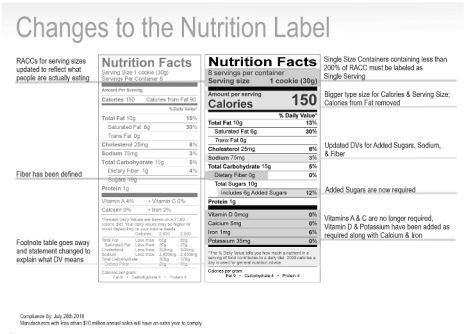
Nutrition Facts – 2016 NEW Version



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Labeling Claims

CAUTION on LABEL CLAIMS!

- Health and Medical Claims VERY Hard to use per FDA rules
- 'Organic' and 'Free Of'– has standards and rules per FDA
- "Local", "Natural", "Pure", Unfiltered" not regulated

- See FDA "A Food Labeling Guide" for industry
- Health Claims CANNOT be in print

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Labeling: Personal vs. Professional

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Product Labeling

Universal Product Codes…UPC's

- Do you need one?

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Selling Wholesale to Stores

What They Will Want To Know:

- Ingredients, Allergens, Special features
- UPC, Nutrition Facts Label, Shelf Life
- Upscaled Packaging
- Distribution
- Insurance Coverage
- Price
- Marketing Tools and Sampling Plan

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Big Retailers = Proof Concept & $$





meijer

amazon

WHOLE FOODS MARKET

QVC

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Distribution:





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Distribution Process

- How will you get the product to the customer?
  - Retail person to person, wholesale to store, or on-line
- Cost must include real distribution costs - gas/time/shipment
- Distributors: NOTHING MORE THAN LOGISTICS
  - 25 stores minimum
  - They aren't your sales force – recruit more stores
  - Coordinate selling events in stores

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MSU Product Center Services:

https://www.canr.msu.edu/productcenter/

- Application Fee ***$50.00**

  Products:
  - Unlimited Business Counseling
  - Marketing Plan Development
  - Store Buyer Access
- **Fee For Service:**
  - Nutritional Labeling (fee for service)
  - Product Testing (fee for service)

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Business Information:

Michigan Department of Agriculture & Rural Development

Farm Bureau Insurance

MICHIGAN GOOD FOOD FUND

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Special Programs and Opportunities

Making It In Michigan

- Specialty Food Show
- Educational Sessions

https://www.canr.msu.edu/miim/

MAKING IT IN MICHIGAN

PURE MICHIGAN Business Connect

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