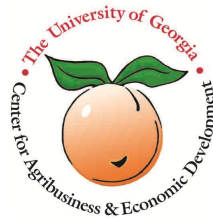


Flavor of Georgia Finalist Survey: 2007-2012

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Executive Summary

The Center for Agribusiness and Economic Development (CAED) faculty recently designed and conducted a survey of previous Flavor of Georgia Food Contest finalists and winners in order to assess the economic importance of these food businesses on the state from 2007 to 2012. This study was designed to measure impact of the contest and to evaluate characteristics and needs of contestants for future contest development. Some highlights from the analysis include:

- The Flavor of Georgia contest helps to promote and showcase the variety of food entrepreneurs in the state. A recent survey of participants from the 2007-2012 contests found that nearly 90% of them saw an increase in their publicity/exposure following the event. They also saw increases in product interest and business contacts.
- Participation in the Flavor of Georgia contest increased the sales/revenues of finalists approximately 11% on average.
- These businesses have a direct effect of \$17.6 million in gross sales or revenue and \$27.9 million in total economic contribution to the State of Georgia, with approximately 80 workers accounting for \$4.7 million in worker income once all of the ripple or multiplier effects are considered.
- On average, the economic contribution of past participants resulting from the Flavor of Georgia contest account for \$3.1 million in revenue and approximately 9 jobs.
- The reach of product sales of the Flavor of Georgia participants is wide. The 2007-2012 participants report that their products are not only sold in Georgia, but in every one of the United States.

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Survey of Flavor of Georgia Participants

1.1 Background/Overview

Each year the University of Georgias College of Agricultural and Environmental Sciences, Center for Agribusiness and Economic Development (CAED) sponsors the Flavor of Georgia (FOG) Food Product Contest to assist food related agribusinesses by providing recognition for their excellence and opportunities for expanding their market presence. Since CAED began the contest in 2007, over 1,000 Georgia food products have been entered, resulting in benefits from increased business contacts, publicity, and overall interest in their products.

- Food entrepreneurs from all over Georgia send in their market-ready prototypes or commercially available food products
- Finalists are selected from 9 categories to compete at the final judging, held in conjunction with the Governors Agricultural Awareness Day at the Capitol
- Final judging panel consists of retail grocery buyers, chefs, institutional buyers, food brokers, and other food industry experts
- Winners are awarded prizes by the Governor and Ag Commissioner and earn the use of the Flavor of Georgia logo on their product label, invitations to specialized food shows, and introductions to potential new markets.

In order to help assess the economic importance of food business in the Georgia economy, researchers at CAED developed a survey instrument to be conducted electronically of former FOG participants. During November of 2013 through January of 2014, CAED researchers sent an email survey link to 123 past FOG finalists and winners and several reminders. In response, 12 of the email addresses were no longer valid, one opted out of our email correspondence, and 25 (20.3% of total) answered the survey questions. The survey instrument consisted of 26 questions including topics such as business demographics or firmographics, questions about participation in the Flavor of Georgia contest, any changes since, and inquiries about their target markets. This survey does not necessarily represent a random sample of food businesses in the state, instead a sampling of food businesses that entered the contest during the time span and is presented as a way to assess some key variables about those businesses.

1.2 Survey of Flavor of Georgia Participants: Results

1.2.1 Firm Demographics

The initial question was to determine whether the business enterprise that participated was still in operation. Of the responses, 88% were still in business. The ones who were out of business noted personal reasons, but more specifically excess taxes and a change in business focus were indicated. Next, respondents were asked about the year in which their business was originally opened. Answers ranged from 1866 to 2011, with an average of 1991 and median of 2004.

In order to get an idea of the type of food product, researchers questioned regarding the category in which the product was entered, with the option of more than one response if more than one product had been entered. The category with the largest number of responses was the Confections category at 26.3%, followed by a tie at 21.1% in the Snack Foods, Meats and Seafood, and Jams and Jellies. The ones that indicated other reported products such as infused honeys and vinegars, salsa, pickles, dipping sauces, gourmet salad dressings, and rum cakes.

Table 1.1: Type of Food Product

Answer Options	Response Percent	Response Count
Barbecue Sauces	10.50%	2
Hot Sauces	5.30%	1
Beverages	0.00%	0
Wines	5.30%	1
Confections	26.30%	5
Miscellaneous	0.00%	0
Snack Foods	21.10%	4
Meats and Seafood Products	21.10%	4
Dairy Products	15.80%	3
Jams and Jellies	21.10%	4
Other (please specify)		5

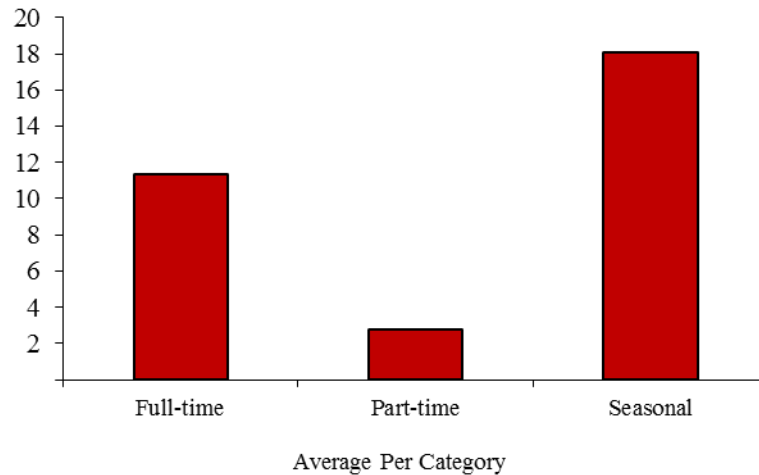
Most respondents indicated that their business was located in a rural community (57%), with the next highest response for a city or urban community. At 4.8% each, respectively, were suburban community and historic old shrimping town.

Table 1.2: Company Headquarters Community Type

Answer Options	Response Percent	Response Count
City or urban community	33.30%	7
Suburban community	4.80%	1
Rural community	57.10%	12
Other (please specify)	4.80%	1

In looking at the number of employees that each of the food businesses employed, there was a wide range of responses, from none to 85 in terms of full-time. For all businesses responding, there was a total of 204 full-time employees (average 11.3), 39 part-time employees (average 2.8), and 163 seasonal workers (average 18.1). See Figure 1.3 for the comparison between the types of employees.

Figure 1.3: Average Employees by Category



1.2.2 The Flavor of Georgia Contest

The next question asked respondents to recall the best thing for their business that resulted from participation in the Flavor of Georgia contest. In summary, the responses included benefits such as publicity and exposure, networking, feedback, and recognition. See below for all of the responses.

- Ability to use it in marketing
- Advertising value
- Asked by a distributor to sell my products to Whole Foods.
- Associations with business contacts that offered sales opportunities as well as contacts to assist with marketing our products
- Being put on the FOG website.....people actually contacted us after having seen us there
- Brings attention to products at Food Shows. Earns trust from Customers.
- Earns trust from Customers.
- Exercise itself (entering the contest) was a great learning experience in marketing our product.
- Exposure
- Getting to meet people in all government offices
- Immediate sales from the contest
- It was fun
- Meeting all the people who made up the Flavor of Ga. group

- Meeting other GA food manufacturers.
- Press coverage
- Public Relations
- Publicity
- Recognition from potential customers
- The award and recognition!
- The Positive feedback I got from the businesses that bought my products because of the Flavor of Georgia.
- Trade benefit
- Using the finalist logo in ads and packaging

The survey also asked whether the food product business has experienced changes in various categories following their participation in the Flavor of Georgia contest. The categories with the largest response was that of publicity/exposure to which respondents indicated an increase of 88.9% following the contest. The next highest response was in terms of product interest, which 73.7% of owners said had increased. Next in magnitude was in terms of employment, in which 68.4% reported that their number of full-time employees remained unchanged. Fourth highest was the portion (65.0%) that indicated that their business contacts had increased following the contest.

Table 1.4: Business Changes Following Flavor of Georgia Contest

Answer Options	Increase	Decrease	Unchanged	N/A	Responses
Amount of Sales	60.00%	0.00%	35.00%	5.00%	20
Sales Price of Product	47.40%	5.30%	42.10%	5.30%	19
Profits	52.60%	5.30%	36.80%	5.30%	19
Interest in Products	73.70%	0.00%	26.30%	0.00%	19
Business Contacts	65.00%	0.00%	30.00%	5.00%	20
Publicity/Exposure	88.90%	0.00%	11.10%	0.00%	18
Website Hits/Traffic	40.00%	0.00%	40.00%	20.00%	20
Full-time Employees	26.30%	0.00%	68.40%	5.30%	19
Part-time Employees	22.20%	0.00%	61.10%	16.70%	18

Since the changes asked in the previous question refers to the business since the contest, researchers sought to delve a bit deeper to query whether these changes might be attributed to participation in it. Those that attribute none of their changes to the contest range between 12.5% and 76.9%, with an average of 40.1%. This means that nearly 60% of participants DID experience a change related to their participation in the contest. Just over one-quarter (27.4%) of respondents on average assign up to one-fifth of their business changes to the Flavor of Georgia contest. Just over one-third (32.6%), on average, attach 20% or more of their business changes to the contest.

Table 1.5: Business Changes Attributed to Flavor of Georgia Contest

Answer Options	None	1-19%	20-49%	50-79%	80% +	Responses
Amount of Sales	21.40%	35.70%	14.30%	21.40%	7.10%	14
Sales Price of Product	57.10%	21.40%	7.10%	7.10%	7.10%	14
Profits	42.90%	28.60%	14.30%	7.10%	7.10%	14
Interest in Products	14.30%	28.60%	35.70%	7.10%	14.30%	14
Business Contacts	20.00%	33.30%	40.00%	6.70%	0.00%	15
Publicity/Exposure	12.50%	37.50%	25.00%	18.80%	6.30%	16
Website Hits/Traffic	46.20%	23.10%	7.70%	23.10%	0.00%	13
Full-time Employees	69.20%	23.10%	7.70%	0.00%	0.00%	13
Part-time Employees	76.90%	15.40%	7.70%	0.00%	0.00%	13
AVERAGE	40.10%	27.40%	17.70%	10.20%	4.70%	14

1.2.3 Economic Contribution

In sum, the firms responding their most recent annual revenue reported approximately \$17.6 million in total annual gross sales.¹ Applying the percentage that each reported as the result of their participation in the Flavor of Georgia resulted in a total of just under \$2 million (\$1,961,700) or 11.1% of sales on average.

These food businesses purchase inputs from suppliers to produce their products, which can result in a multiplier or ripple effect throughout the state as a result of their business. Further economic contribution results from what the employees of the input suppliers and food businesses. The combination of these effects takes the economic contribution of \$17.6 million in gross sales or revenue to \$27.9 million in economic effects² when considering the entire contribution of the sector, input purchases, and employee spending. Further, researchers found that the total job contribution is approximately 80 workers accounting for \$4.7 million in worker income incorporating all of the ripple effects.

Table 1.6: Economic Contribution to Georgia Economy

Contribution	Employment	Labor Income	Output
Direct Effect	22	\$1,520,960	\$17,600,000
Multiplier Effect	58	\$3,139,910	\$10,260,100
Total Effect	80	\$4,660,870	\$27,860,100

Considering the portion mentioned above that respondents attributed to the Flavor of Georgia contest, we can assess that economic contribution as well. The direct sales result in an overall \$3.1 million contribution when considering all of the multiplier effects. These sales account for approximately 9 workers with over \$519,000 in labor income.

¹Responses were categorical in nature in order to increase response rates. Researchers used the mid-range of categories to approximate the income of the respondents.

²Analyzed using the IMPLAN model (data and software) from IMPLAN Group, LLC, 16740 Birkdale Commons Parkway Suite 206, Huntersville, NC 28078.

Table 1.7: Economic Contribution Attributed to Flavor of Georgia Contest

Contribution	Employment	Labor Income	Output
Direct Effect	2	\$169,527	\$1,961,700
Multiplier Effect	7	\$349,975	\$1,143,593
Total Effect	9	\$519,502	\$3,105,293

1.2.4 Advice to Future Participants

As a tool for planning future events, respondents were asked to tell us what they would advise other food entrepreneurs about the contest if they were planning to enter. We learn from this advisement that participating is not only a good experience with publicity and exposure benefits, but also provides networking and See the responses below.

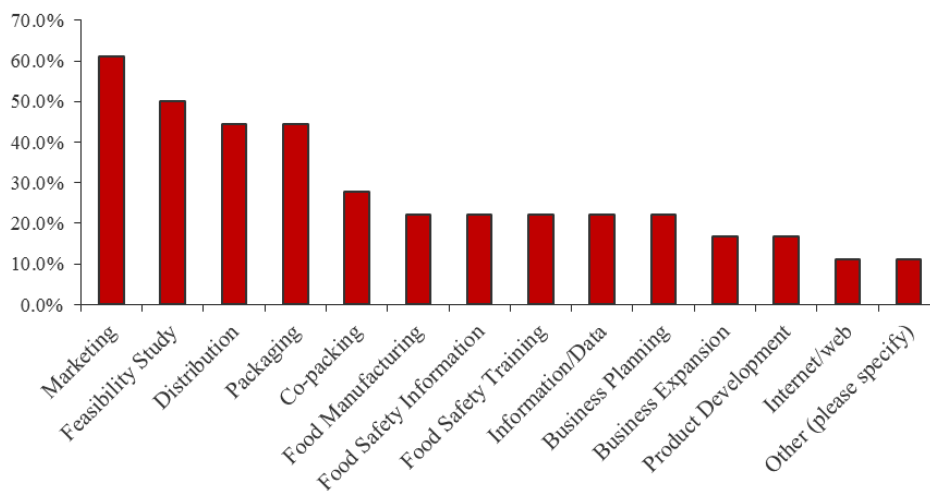
- A lot of fun
- Be sure to have a marketable product complete with packaging and labeling.
- Create a compact, professional display that presents your product in an appealing manner. Space is limited so set up a mock display prior to the event.
- Enjoy the contest of your product.
- Entering the Flavor of Georgia is a great way to increase exposure for you products. If your product wins, it will have a dramatic impact on sales, publicity and of course, bragging rights for winning a contest. In addition, it is a great learning experience in branding, marketing and where you can receive feedback about your product from experts and professionals in the field.
- Especially good for startup companies
- Great experience.....gives you exposure to the business world....get to meet some really nice people and form lasting friendships and good contacts
- Great way to introduce new products
- I do not recommend to others, as my last experiences appeared to be more politically driven...i.e., I am a small company competing with companies with hundreds of products. Those companies send their sales reps. to this contest. Those companies also have deeper pockets than smaller companies such as me. Not whining, for I enjoyed meeting new small businesses at Flavor of GA, just stating observations. Thank you for listening to my heart.
- It is a fun event and worth participating in.
- It is an excellent tool for emerging companies or new products.
- It is well worth the effort to present your food product in order to receive specific feedback from the judges as well as other food industry professionals.
- It's a great experience and could be a way to get your products in the market place.
- Look back at other winners, and then try to come up with something different.

- Meeting the other contestants is beneficial in that most are willing to share information about vendors, co-packers, etc.
- Take part in the Flavor of Georgia. You will be glad you did.
- The Exposure is exceptional.
- To be sure to present your product in such a way that it would be sitting on a shelf in a store. Do not rely on the fact that it is a super good tasting product...packaging is really important. I am still learning that one! I have tried to keep my packaging costs low; I have not invested much in them because I have relied on the quality of my cheeses. I am seeing the value of changes I have made to my labels. Everything is professionally done now and in the end probably costs less in the long run!
- To certainly enter
- Wonderful experience and exposure
- Yes

1.2.5 Areas of Assistance Needed

In order to better serve food entrepreneurs in the future, researchers asked those responding about what areas in which they might need assistance for this business enterprise. Respondents were allowed to select more than one response on this question. The most often selected category was that of marketing (61.1%), followed by co-packing (50.0%). The next most popular area in which assistance is needed is a tie between distribution and the Internet at 44.4%, followed by packaging at 27.8%. Responses under other included a frustration with distributors and grocery chains that copy and put their name on small companys products and a desire for fewer costs for licensing and taxing, etc. See all of the selections in Figure 1.8.

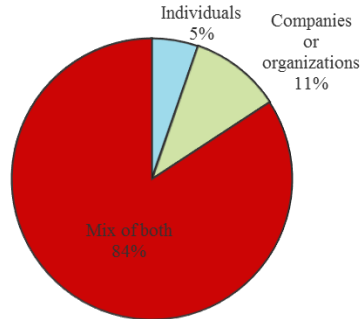
Figure 1.8: Entrepreneurial Areas of Assistance Needed



1.2.6 Target Customers

In order to obtain more information about what the food entrepreneurs know about their target customers, researchers asked a variety of questions about this topic. The responding businesses are not limited to selling to just individuals or businesses. In fact, most (84.2%) sell to a mix of both individuals and companies or organizations. See Figure 1.9. In Figure 1.10, we see the

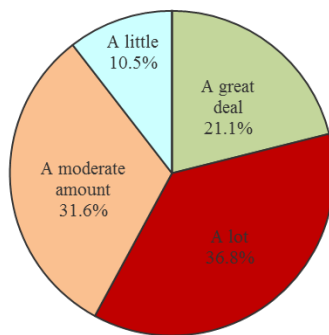
Figure 1.9: Individuals or Companies as Target Market



breakdown of how the survey respondents report on the competitiveness of the market for their product. Only a few (5.3%) indicated that their market is only slightly competitive, while an equal portion at 31.6% respectively indicated that they find their market extremely, very, or moderately competitive.

Further details about their customers reveal that the average number of times that the target customer is likely to purchase their product or service is 78 times, while the median is 8 times. The business owners generally feel that they know a lot about their competitors, with 57.9% saying they know either a lot or a great deal (Figure 1.11). Other details about the average

Figure 1.10: Knowledge About Competitors



target customer are summarized in the Table 1.12. Overall, the profile is of a target market including a mix of both male and female customers, approximately 30-39 years of age, with incomes somewhere between \$50,000 and \$99,999 per year, living in a city or urban community.

Table 1.11: Target Market Characteristics

Characteristic	Response	Response Percent
Gender	Male	0.00%
	Female	10.50%
	Mix of both	89.50%
Age	Up to 17	15.80%
	18-20	36.80%
	21-29	73.70%
	30-39	100.00%
	40-49	89.50%
	50-59	73.70%
	60-64	68.40%
	65 +	57.90%
Income	Less than \$20,000	16.70%
	\$20,000 to \$34,999	27.80%
	\$35,000 to \$49,999	50.00%
	\$50,000 to \$74,999	72.20%
	\$75,000 to \$99,999	72.20%
	\$100,000 to \$149,999	61.10%
	\$150,000 to \$199,999	55.60%
	\$200,000 or more	61.10%
Community Type	City/Urban	84.20%
	Suburban	68.40%
	Rural	57.90%
	Military	10.50%

1.2.7 States Where Products Sold

More informative data about this group of Flavor of Georgia finalists and winners included the states in which their products are sold. As might be expected, all were sold in the state of Georgia. The top five states following Georgia include North Carolina (63.2%), Alabama (52.6%), Florida (52.6%), South Carolina (52.6%), and Tennessee (52.6%). More than 50% of the respondents sell their products in these states. Table 1.12 shows all of the responses and the percentage that sell in a particular state and Figure 1.13 highlights the information in a U.S. map.

Table 1.12: States Where Products Sold

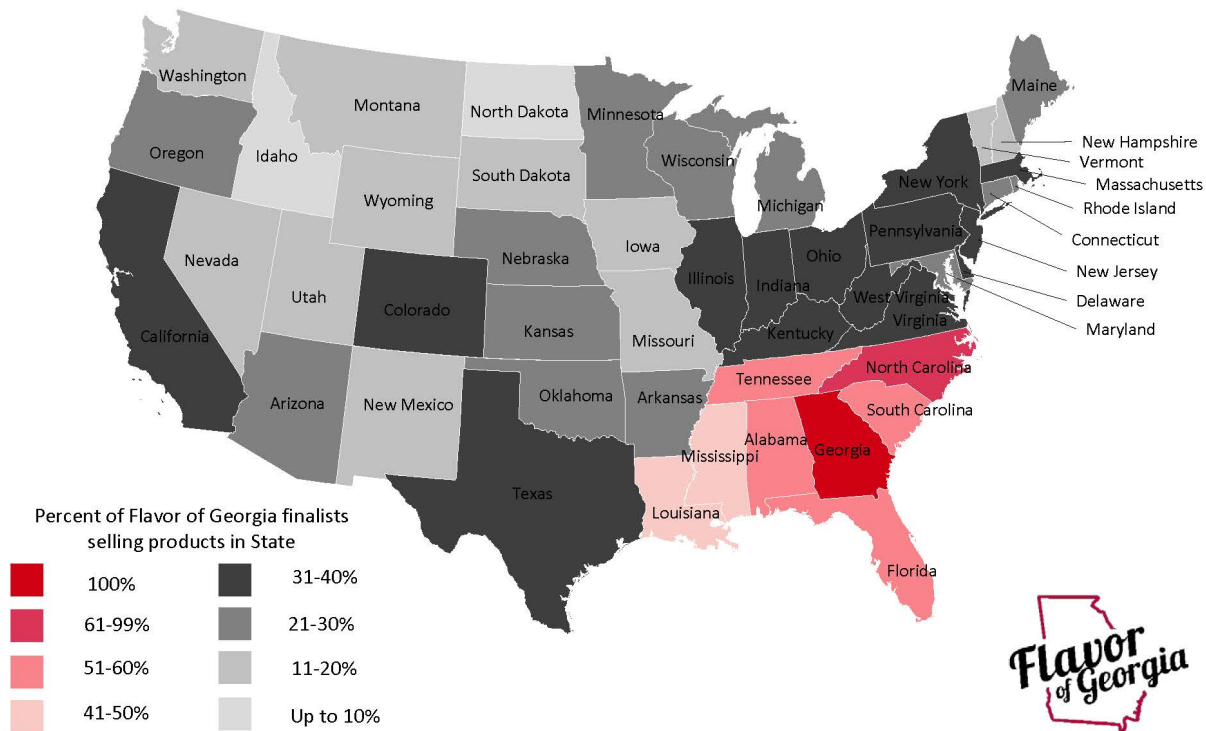
State/District	Percent	Number	State/District	Percent	Number
Alabama	52.6%	10	Montana	15.8%	3
Alaska	10.5%	2	Nebraska	21.1%	4
Arizona	21.1%	4	Nevada	15.8%	3
Arkansas	21.1%	4	New Hampshire	15.8%	3
California	36.8%	7	New Jersey	31.6%	6
Colorado	31.6%	6	New Mexico	15.8%	3
Connecticut	21.1%	4	New York	31.6%	6
Delaware	31.6%	6	North Carolina	63.2%	12
District of Columbia (DC)	21.1%	4	North Dakota	5.3%	1
Florida	52.6%	10	Ohio	36.8%	7
Georgia	100.0%	19	Oklahoma	26.3%	5
Guam	5.3%	1	Oregon	21.1%	4
Hawaii	5.3%	1	Pennsylvania	36.8%	7
Idaho	5.3%	1	Puerto Rico	5.3%	1
Illinois	31.6%	6	Rhode Island	21.1%	4
Indiana	31.6%	6	South Carolina	52.6%	10
Iowa	10.5%	2	South Dakota	10.5%	2
Kansas	26.3%	5	Tennessee	52.6%	10
Kentucky	36.8%	7	Texas	31.6%	6
Louisiana	42.1%	8	Utah	10.5%	2
Maine	21.1%	4	Vermont	15.8%	3
Maryland	26.3%	5	Virgin Islands	5.3%	1
Massachusetts	31.6%	6	Virginia	36.8%	7
Michigan	21.1%	4	Washington	15.8%	3
Minnesota	26.3%	5	West Virginia	31.6%	6
Mississippi	47.4%	9	Wisconsin	26.3%	5
Missouri	15.8%	3	Wyoming	15.8%	3

Figure 1.13: Where are they now?



Where Are They Now?

Where Flavor of Georgia Products Are Sold



Source: Flavor of Georgia Past Participants Survey: 2007-2012, Conducted by UGA, Center for Agribusiness and Economic Development, November 2013.