Agricultural Outlook Forum 1999

Session: EMERGING MARKETS FOR FARM PRODUCTS IN 21st CENTURY
NUTRITION PROGRAMS

Agricultural Products -- A Demand-Side Perspective

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Schools as an Emerging Market and Bonus Commodities
• Definition of Bonus Commodities - “Foods that are in extreme oversupply”
Definition of a customer - “A Person who buys, especially one who buys regularly; as, she is one of our customers.” *

* Webster’s New World Dictionary
Ultimately, it's the SCHOOLS who make the purchasing decisions.

- Producers
- USDA
- States
- Schools

States buy from USDA
The USDA buys from Producers
And Schools buy from States
Think of growing this emerging school market

- Currently serving about 26 million meals per day
- Total meal opportunities are about 52 million per day
Percentage of Commodity vs Commercial in Schools

Legend

- Commercial Purchases
- Donated Commodities
- Processed foods containing commodities

83%

13%

4%
Cost of using commodities is a concern to schools.

Storage
Distribution
Labor
Think in terms of commodities as ingredients and not necessarily a ready to eat product.
School Purchasing Trends

Suppliers
Bid methods
Co-ops
Think of "growing to the market"