

# A PPLEGATE FARMS DOES IT NATURALLY

**Company:** Applegate Farms

**Headquarters:** Branchburg, NJ

**Chief Executives:** Stephen McDonnell, Founder; Chris Ely, Co-Founder

**Annual Sales:** More than \$10 Million

**Employees:** 30

**Company Profile:** Applegate Farms produces more than 50 natural deli-meat products from turkey to Genoa salami. Applegate never uses artificial ingredients, coloring agents or chemical preservative in processing. The company also contracts with more than 50 small family farmers in Canada and Pennsylvania to produce antibiotic-free product. These farmers follow strict protocols for producing natural and organic products as well as the humane treatment of livestock.

**Winning Product:** Organic frozen comfort foods. Stephen McDonnell, the founder of Applegate Farms, was born in the meat and potatoes era of the 1950's, but he came of age in the 1970's when a new health consciousness was taking root. Committed to the idea that he should eat high quality product, McDonnell discovered the gap that existed in the marketplace. Like many he wanted something he'd be proud to give his kids: cured meats with fewer additives and preservative. When he couldn't find what he was searching for, McDonnell set out to create it. He bought a small family run smokehouse that had been in operation since 1941. Chris Ely, the owner's son, was eager to develop delicious foods like those he had sampled in Europe, and together he and McDonnell began developing the Applegate Farms line.

**Q:** Briefly Describe the process from conception to Implementation of this product? (The genesis of the product and how it came to be.)

**A:** Applegate Farms has provided consumers with natural deli meats to select grocery channels for 15 years, so a frozen product line offering the same quality was a natural extension for us, both figuratively and literally. We wanted to offer a frozen product line made with organic chicken that would meet our quality standards while maintaining a price point that would be acceptable to the public. After careful research and product development, we are able to meet this goal.

**Q:** What was the rollout date? What was your marketing goal?

**A:** The first item we sold was at retail in October 2001. Our marketing



goal is to have wider audiences appreciate Applegate Farms as a supplier of quality organic meats. The frozen department allows us access to a new product varieties, bringing the same Applegate quality to a different section of the store. We want to continue as a 100 percent natural and antibiotic-free processor that appeals to more customers.

**Q:** Summarize your planned marketing penetration? Target audience? Future plans?

**A:** The plan was to rollout the frozen line in natural food store channels, then eventually migrate to retailers that off natural selections in their store. Our future plan is to extend product distribution to broader mass retail chains. Geographically, the roll out began on the East Coast and will move to the West Coast.

**Q:** What specific critical steps will make this product successful?

**A:** Above all, taste will make our product line line is also the first organic chicken pot pie and chicken nuggets on the market. Once the organic regulations go through we can label the boxes appropriately as organic, and we believe this will make the product line very successful.



Chris Ely and Steve McDonnell

# A

## PPLEGATE FARMS, BRANCBURG, NJ

### Organic Frozen Comfort Foods

Finding convenient and tasty comfort food in the freezer aisle isn't easy. Add a natural, wholesome quality in the consumer's mind (a.k.a organic), and chances are you've got yourself a winning combination. Applegate Farms' newest line of frozen comfort foods consist of Chicken Pot Pie, Breaded Chicken Nuggets, and Chicken & Apple Breakfast Sausage.

"We've been making fully cooked boneless turkey breast and other cooked items for the deli," says Christopher Ely, co-founder, Applegate Farms, and son of the company's founder. "We saw a real void in the frozen, prepared foods, natural foods end." Each product contains organic chicken from birds raised accordance with the USDA regulations for organic, and certified by the Quality Assurance International. In addition, each product is made without artificial ingredients, coloring agents or preservatives.

When Stephen McDonnell acquired the business, the focus shifted to the natural, organic meats, and nitrite-free products. Shifting this philosophy into the prepared foods arena created some challenges. The owners not only needed to ensure the adequate raw material supply, but also finds a facility that would produce the products, while adhering to their mindset regarding all natural production without the use of additives. "We wanted a product that gives the impression of spices and seasonings and the essence of meat," says Ely. "A lot of processors didn't want to touch it because it requires a different mindset. All three products are produces at different facilities, because of the various complexities involved in producing each one."

Applegate plans on expanding its line of frozen comfort foods, as products continue their trek through the development pipeline. Incidentally, several processors have joined the the organic movement recently, predominantly in the fresh meat case.

