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Proposed Made in Vermont Program
Testimony for Senate Finance Committee, 4/23/14
Nancy Brooks, Vermont Chief Marketing Officer (*Please contact Nancy with any questions*)

WHAT IS THE “MADE IN VERMONT” PROGRAM?

A proposed program by which a Vermont company, producing products here in Vermont and meeting certain criteria, can include a state-sanctioned emblem on their label saying “Made in Vermont,” and participate in a cooperative marketing program to promote Vermont products in out-of-state markets.

Possible co-op marketing opportunities could include the following:

- National/regional trade shows like the “Big E,” Fancy Food Show
- Dept. of Tourism & Marketing (VDTM)’s annual paid marketing budget
- VDTM’s consumer e-newsletter (80,000 subscribers)
- VDTM’s substantial earned media (PR) reach

WHAT ARE THE CRITERIA FOR APPROVAL?

To be eligible for the Made in Vermont program, companies must meet the following basic criteria:

- 1 -- Company must be based in Vermont
- 2 -- Product must be “last substantially transformed” in Vermont

Companies would apply annually for enrollment, and we have proposed a \$150 fee.

We developed our eligibility criteria in close collaboration with the Vermont Attorney General’s office, and their Vermont Origin Law (CP-120). Note that CP-120 is much more prescriptive when it comes to many other issues in product labeling and marketing – particularly for food products claiming to be “a Vermont product.” (In these cases, origin of raw ingredients is also closely scrutinized.) However, the phrase “made in Vermont” does not trigger the scrutiny of ingredients.





DEVELOPING THE PROGRAM, BASED ON MARKET RESEARCH

The Chief Marketing Office sent a survey in October 2013 to Vermont companies (food producers, crafters, woodworkers and manufacturers). 355 surveys were returned.

We learned some interesting things:

56% of respondents indicated they had an interest in participating in the program.

84% of respondents sell consumer products, as opposed to B-to-B components.

80% of respondents make all (100%) of their product line here in Vermont.

82% currently sell outside of Vermont.

Over the last 5 years, non-VT sales revenue has increased for almost 60% of respondents

72% of respondents expect those sales to increase further over the next 5 years

Largest non-VT markets: NY, MA, NH, CT and ME (mirrors the top states for tourist visitors)

HOW WE CALCULATED THE PROPOSED FEE

We propose an annual fee of **\$150** for each product line enrolling in the Made in Vermont program. The fee was calculated based on the anticipated program cost, which is almost entirely administrative.

We do not propose adding any new positions for this program. Instead, we propose devoting a portion of one (existing) VDTM staff person's work time to the Made in Vermont program. The cost of that position, with benefits, is \$66,500, and we anticipate that Made in Vermont could consume somewhere between 50-75% of the position. So, program cost will range from **\$35,000-50,000**.

We go back to our survey results to gauge likely demand. 355 companies responded, and 56% had an interest, which works out to 187 companies. However, since our sample was not exhaustive, and since the program fee was unknown at the time of the survey, we think this number is low; we think as many as 300 companies may enroll.

Also, many companies have multiple product lines, each one of which would be approved separately for Made in Vermont participation. The survey indicated that each company produces an average of 1.25 product lines. So, we anticipate anywhere between **233 and 375** applications.

Dividing the cost of program by the number of applications:

\$35,000-\$50,000 div by 233-375 = Fee ranges between **\$93 and \$215**; again, we propose **\$150**.

Note that neither the anticipated costs nor the anticipated revenues for the Made in Vermont program have been added to the ACCD budget, because the program has not yet been approved.

