

Selling Spicy Peanuts in Breweries with Kevin Martino

David Crabill: Welcome to the Forrager podcast, where I talk with cottage food businesses about their strategies for running a food business from home. I'm David Crabill and today I am talking with Kevin Martino, also known as Chef Kev.

Kevin lives in Concord, California and sells a variety of flavored nuts with his cottage food business, [Chef Kev's Specialty Foods](#).

Kevin started his business back in 2013 when California created its cottage food law, and he was actually one of the very first cottage food businesses that I ever met. He has sold other things with his specialty snack, food business, but he mostly focuses on flavored nuts and he sells wholesale at breweries in particular.

I am looking forward to hearing today what he's been up to recently, and with that, welcome to the show, Kevin. Nice to have you here.

Kevin Martino: [00:00:49] Thank you David.

David Crabill: [00:00:51] So Kevin, take us back. I know you started in 2013 but what got you going with the cottage food business thing? How'd you hear about it and why did you start it?

Kevin Martino: [00:01:02] I was working for a outside sales at that time, and then I heard about the cottage food law. So I was thinking that'd be kind of fun to start my own business. So I looked into it. Then I got my permits and tested out some recipes. But at first I was going to do that part time and just do some cookies, but then the peanut snacks came after that.

David Crabill: [00:01:30] Okay. And you have training as a chef, right? I mean, your experience with food goes well beyond 2013, right?

Kevin Martino: [00:01:40] Well before my outside sales as a food distributor, sales rep, I worked a number of years in the food industry as a cook and chef. I worked in casual dining, fine dining, institution and some catering.

David Crabill: [00:01:57] Yeah. I know you're quite a skilled chef. You can make a variety of things. So why do you think you focus on just nuts?

Kevin Martino: [00:02:06] I decided to focus on nuts because. I had some friends that said, Oh, you should try to get into the breweries because these are really good, and they would go well with the beer. So I tested out some flavors of the peanut snack and I decided to start approaching beer breweries. I decided to check out, Martinez, what is it called, the craft beer festival in Martinez. And I actually became a vendor there and I first got a chance to talk to some different breweries there and Epidemic Ales was there in they were the one that, epidemic ales was the first brewery I got into.

David Crabill: [00:02:51] And can you just tell us a little bit about what types of food or what types of nuts you make and what other types of specialty foods, snack foods you've made with your business?

Kevin Martino: [00:03:03] Sure. For the peanut snack I make a salted peanut, and I also make a spicy peanut as well as a Thai spicy peanut, which has lemongrass and lime flavor. Most are all popular, but I'd have to say that the Thai peanut is the number one seller. I also make a walnut wedding cookie and walnut biscotti. Both of those are my grandma's recipes, and make a chocolate brownie. And what else? Oh I also make a spicy peanut brittle where I take the spicy peanut and add that to the brittle, so you get a sweet and spicy flavor.

David Crabill: [00:03:40] Nice. Yeah, I know that your Thai spicy nut is your most popular flavor. What, what is in that or what makes it special?

Kevin Martino: [00:03:51] Well, you have a good balance of flavor and heat, but it's funny, as I've had people would say that, Oh, I don't, it's not that spicy. Then it kind of hits them towards the finish. They say, Oh, there it is. And um, numerous people would always say that the peanut snack is very addictive, so they are always craving for more.

David Crabill: [00:04:14] Yeah. And it goes really well with beer, right? So most of your wholesale accounts are with breweries?

Kevin Martino: [00:04:21] Most of them are with breweries. I am in a local Mexican market as well as a Italian deli. But most of them are the breweries.

David Crabill: [00:04:33] Yeah. I mean, that must be kind of hard, right? With everything that's going on with the coronavirus right now, I would imagine that the breweries are all closed up. Is that right?

Kevin Martino: [00:04:43] Yes. I'm not getting much orders from the breweries. I'm also in a number of local Ace hardware stores.

David Crabill: [00:04:51] I know the Ace hardware stores are still up and running. Are you still selling through them?

Kevin Martino: [00:04:57] yes, I just dropped off a order at Bill's ace hardware in Concord, but I'm also in, the one in Antioch, Pittsburgh, Oakley and Brentwood.

David Crabill: [00:05:08] Yeah. That's nice that you have some diversity there to keep some business up and running during this very difficult time. Can you talk a little bit about what you do in terms of the production of the nuts? Like what, what did you do back when you started in 2013 and producing them in your home kitchen, and how different is that in the way that you produce nuts today?

Kevin Martino: [00:05:33] Volume actually is the top thing. Cause when I started out I would be maybe making three to, six pounds, and that'd be enough for the orders when I was first getting starting started. But, now things are going. The breweries would order maybe 45 pounds of peanut just for of one flavor. So I definitely have come a long way in volume.

David Crabill: [00:06:00] Yeah, that's, that's quite a big difference. And do you just make these in bowls and you mix them by hand or is there a cooking process? What kind of equipment do you have to use for your business?

Kevin Martino: [00:06:11] I don't want to give out too many secrets, but I do use a infused oil for the peanut. That's what gives it the unique flavor. Opposed to having other brands out there that have the flavored powder on the outside, mine is actually, flavor's infused inside the peanut. Does that make sense?

David Crabill: [00:06:31] Yeah, I see. There might be some kind of cooking process there, but I just imagine these enormous bowls of peanuts when you're producing them. So can you talk a little bit about your packaging? Like what size works well for sales of your nuts?

Kevin Martino: [00:06:47] I have a variety of different size packaging. I have a packaging that holds a three ounce, which is a standup zip pouch bag, which I seal. Then I also have a six ounce, eight ounce, one pound and a five pound containers for the peanut.

David Crabill: [00:07:06] And what is the pricing like on those sizes?

Kevin Martino: [00:07:11] let me see, the, they usually retail between \$3 and \$12.

David Crabill: [00:07:17] So is like a three ounce, \$3 and then a pound \$12. Is that what I'm hearing?

Kevin Martino: [00:07:24] Yes.

David Crabill: [00:07:25] Yeah. So \$12 a pound for larger bulk sizes. I know that you use these kind of specialty pouches for your nuts that look very nice. Where do you get those and how do you buy them?

Kevin Martino: [00:07:40] Well I get packaging from various places, but the pouches I get from [Uline](#). And then the tub containers I get from a restaurant supply store in Oakland. I'm also in Oakland getting different supplies, so it's easy to pick up supplies and drop off a order in the same trip, so it saves time.

David Crabill: [00:08:02] Yeah, I remember you have the tubs as well, and while we're on the subject, what do you do for your labeling?

Kevin Martino: [00:08:09] Right now I'm printing my labels myself. I get the sheets that have 12 labels on a sheet and printing them out myself. But I'm in a process of looking for a place to have my labels printed for me.

David Crabill: [00:08:24] So with the sizes of nuts that you're producing, you're producing dozens of pounds of nuts at a time, do you feel like the home kitchen has limited you or are you getting to the point where you might need to move it out of the home kitchen, or are you still pretty comfortable in your home kitchen?

Kevin Martino: [00:08:43] I'm doing okay with working from home. Definitely is challenging in terms of having everything, organized. I got two half rolling racks, the kind they use for

cooling cookies and breads on. And I use sheet pans as shelves, and they're on wheels, so I can move those around as needed and that has helped out a lot.

David Crabill: [00:09:06] Does it feel like your home has been taken over by your nut business?

Kevin Martino: [00:09:11] Definitely. But that's okay. People love my snacks, so it makes me happy.

David Crabill: [00:09:17] do you only sell wholesale these days or do you do events or anything like that?

Kevin Martino: [00:09:23] Not really doing events. I did do event at a local brewery and they asked me to be a vendor. So I did that and I tried doing a Christmas boutique this past winter, through the Concord historical society and that went pretty well. But mostly I've just been doing online sales as well through my website.

David Crabill: [00:09:47] so you do the wholesale and you do the online sales. And what is your wholesale relationship like? In terms of pricing, what kind of percentage are you giving, like percentage discount, are you giving to the breweries?

Kevin Martino: [00:10:04] Let me see here. Like for example, for example they would be buying, something at maybe \$3.25 and then they would sell it for \$4 or more.

David Crabill: [00:10:16] That actually sounds like a pretty small markup to me for a wholesaler.

Kevin Martino: [00:10:21] So you think I should sell it for more?

David Crabill: [00:10:23] Well, no. I'm saying go with what works. It sounds like you're getting the good end of the deal, right? It just sounds like, I usually, I hear maybe a 50% or even 70% price for them. So like if they're buying it from you for \$3.25 then they would be selling it for like \$6 or something like that, so they would be making a lot more money.

Kevin Martino: [00:10:44] Well, this is just a suggested retail I have on my sheet. People can definitely sell higher than my suggested retail. It's up to the individual store or brewery to mark it up as to what works best for them.

David Crabill: [00:11:00] Do you know if there are breweries out there selling your products at higher prices?

Kevin Martino: [00:11:07] yes. Some of them are selling it far higher than the suggested retail that I have.

David Crabill: [00:11:13] Yeah. I think that makes sense. I mean, cause typically breweries would, or any wholesale account would typically try to Mark up quite a bit. Otherwise it's hard for them to make money, so how did you get these wholesale accounts? Like how do you, how do you get breweries, or are you adding wholesale accounts every year? What is that like?

Kevin Martino: [00:11:35] I would go into the breweries and talk to the manager and leave some samples and price sheet and they would give them a try and I'd follow up with them in a week or so and see how if they would like to move forward with an order.

David Crabill: [00:11:51] Yeah. I think it's helpful that your nuts are so popular with people who drink beer, right? I mean, it's, it's a nice pairing and that makes it probably easier to sell.

Kevin Martino: [00:12:02] Yeah, for sure. I also find it easy to have a picture collage of the different logos from the breweries that I sell to, so I can show that to the potential brewery and say, I'm in all of these different locations. And all these different breweries network and know each other, so that kind of helps in the process of getting into places. But they would also say, Oh, you should try getting into this place. So they also give me tips on places I should try to go to.

David Crabill: [00:12:33] I know that a lot of your customers like to pair the nuts with beer, but do you find that the breweries just sell way more than say the ACE hardware stores because of that pairing? Or do you get people who like to buy or nuts regardless?

Kevin Martino: [00:12:49] The funny thing is I've gotten a lot more online orders from people who had my products at the breweries. How I got into, bill's ace hardware is, he actually had my product, at one of the local breweries and called me up and said, Hey I like your peanut snack and I want to carry it at my store. So it's definitely been the launching point into getting more business.

David Crabill: [00:13:12] So that's kind of interesting to hear that your wholesale accounts are basically leading people into ordering from you elsewhere, which I don't typically hear that. Usually wholesale is, is one of the final stages for a cottage food business when they're finally selling indirectly, but it's kind of cool to hear that that has led into some more direct sales for you.

Kevin Martino: [00:13:34] I find that a lot of people go out and enjoy a good beverage and they often want a snack, while they're there, so they try it and then they want more, so they either send me an email or call or, I also had people who take pictures and showed me of them putting the peanut on their salad. Had several people do that.

David Crabill: [00:13:59] Take me through the online order system. You have a website, you collect online orders. Do you have a minimum order amount that people have to buy? Because I imagine just somebody buying one little three ounce pack, it's probably not worth your time.

Kevin Martino: [00:14:16] I don't have a minimum right now, just cause, I'm trying to get my foot in the door in terms of getting more online business, but I do offer different payment methods online. So people can pay either offline or they can pay by PayPal or by, credit card.

David Crabill: [00:14:34] Do you have a delivery charge for every order?

Kevin Martino: [00:14:40] I have it set up through the website, the different delivery charges depending on where people live. Yes.

David Crabill: [00:14:49] Okay. So it depends on how far away they are from you. So what technology do you use? You have a website, you have Facebook, Instagram. What kind of technology or online resources have helped your business so far?

Kevin Martino: [00:15:02] Well, I use a [Square Reader](#) for doing transactions at different events or for payment. I've been trying to build up a [YouTube channel](#), which is the same name, Chef Kev's Specialty Foods. So I've been doing some cooking demonstrations and just fun videos from home here.

David Crabill: [00:15:23] Yeah, I did see that you're getting that YouTube channel started. What is your vision for that?

Kevin Martino: [00:15:30] To be honest with you, I'm not sure yet. I'm just having fun with it. I have some extra time now, so I thought it'd be a good chance to try it out and be creative. It's kind of hard to film and edit when I have all these different orders with my business, so in a sense I have a little downtime, it's opened up some ideas to test out recipes and that kind of thing.

David Crabill: [00:15:56] Yeah, it'll be interesting to see where that leads, if that leads to more traffic or interest in your, nuts or foods. I do want to go back to when you started the business and you named it Chef Kev's Specialty Foods. Now, I know you mostly focus on nuts, but did you name it specialty foods because you were thinking of selling, more things than nuts, or how, how did you name the business?

Kevin Martino: [00:16:21] I decided to have the name flexible so I can do different things with, with food and not just nuts or not just cookies. So that's why I decided to have specialty foods instead of just Chef Kev.

David Crabill: [00:16:35] Do you wish in hindsight that your brand or your name was more focused on nuts, or do you think it hasn't had any effect on sales?

Kevin Martino: [00:16:45] No, I don't think it has any effect on the sales, but usually people just, when they call me, they just say is I'm looking for Chef Kev. And also I found that for ease and being less long in terms of typing for my website or my email, I just do Chef Kev Foods, so I thought that maybe, should I change the name to chef kev foods or I'm not sure.

David Crabill: [00:17:12] It probably doesn't really matter at this point.

Kevin Martino: [00:17:14] Yeah, I'm just leaving it as chef Kev's specialty foods since it's already established.

David Crabill: [00:17:19] So do you have a DBA? Do you have an LLC? What kind of business structure do you have?

Kevin Martino: [00:17:25] I just became an LLC, so it'd be chef Kev's specialty foods, LLC.

David Crabill: [00:17:31] And why did you choose to start an LLC?

Kevin Martino: [00:17:34] I chose LLC just for better protection for my business.

David Crabill: [00:17:41] Most people think that an LLC provides protections that it kind of doesn't. I've looked into it quite a bit for myself because you know...

Kevin Martino: [00:17:51] But at least it's not, at least I won't have my house taken away, you know?

David Crabill: [00:17:55] Well, that's the thing is that people think that, right? Well, for one, with your nut business, I mean it's, it's a pretty safe business, right? I mean, the likelihood of somebody getting ill from your nuts is super duper low. I guess if somebody you know had like a peanut allergy or something, but it's obviously very clear through your packaging and through your labels that you're not doing anything wrong.

I mean, if somebody has a peanut allergy, they certainly shouldn't be making, you know, eating your nuts.

Kevin Martino: [00:18:24] Well, even on my cookies, I do have a label that says, made in the kitchen that produces peanut.

David Crabill: [00:18:31] So you're doing everything up front to protect yourself. You got the liability insurance, and I think the liability insurance is definitely important. But the thing with an LLC is that, an LLC is particularly good for limiting your liability when other people in your business, do something wrong. So when it comes to like somebody else doing something, like if somebody else makes a mistake, either that person is liable or the LLC is liable and just the assets within the LLC are liable, but you personally wouldn't be liable. Your house wouldn't be liable, etc.

Where it gets a little bit less clear is say you made a mistake, you did something that you know hurt somebody like, I don't even know what it would be. Even though you have an LLC, because you personally harmed that person, they could still come after your house, even with the LLC. So I personally recommend people get an LLC when they're starting to bring on employees in their business and they're not doing everything themselves.

Kevin Martino: [00:19:36] And so what made you decide to get one?

David Crabill: [00:19:39] The reason I got one is for the same reasons, but at that time I didn't know what I know now. Knowing what I know now, I wouldn't do that. If I was starting a California business, I wouldn't get an LLC. I mean, you have kind of a year to play around with it. Just know that if you don't shut it down before the end of 2020 then even if you have that LLC for one day in 2021, by the time you pay your taxes in April of 2022 you're going to be paying \$800 to the state of California no matter what. No matter what you sold.

And the question is then, is it worth \$800 for you? And what are you getting out of the LLC? And to me, I don't really see the value or the benefit for someone who's a solo entrepreneur and doing everything themselves.

You can do more research about it, but there's just not as many protections as people kind of think there are when it comes to LLCs. And it's a high price to pay for something that

might not end up making any difference to your business in the long run. So just want to let you know.

Kevin Martino: [00:20:49] So you're saying it would be just have liability insurance instead?

David Crabill: [00:20:55] Yeah, just a sole proprietorship, like you probably had before. And then you got your liability insurance and the liability insurance really does cover you. And that's probably what would be used anyway if you were to have a problem.

Kevin Martino: [00:21:10] Well thank you. I appreciate it.

David Crabill: [00:21:13] At this point, what percentage of your sales are wholesale versus other means, like online?

Kevin Martino: [00:21:24] I would say probably 75% is wholesale.

David Crabill: [00:21:29] And has that changed? Is it getting to be less wholesale, as more people find you and buy from you directly?

Kevin Martino: [00:21:37] No, before this situation now on average a brewery would go through maybe 35 containers a week, so that's pretty good. Especially since some breweries are only open, not the full week, sometimes they're only open, you know, half a week.

David Crabill: [00:21:58] When you started your business in 2013 what was your vision for the business and did you ever think it would look like it is today where you're selling a bunch of nuts to breweries?

Kevin Martino: [00:22:09] Well, my vision was to do this part time and work for a, a cooking job or a sales job full time. And then I decided that it's increasingly getting busier with different orders. So I decided to switch and do this full time. In the beginning I wasn't sure how successful I was going to be, so I didn't have a website. So all my promoting I did was through a Facebook fan page, and then I had the website, and then I started Instagram after that.

David Crabill: [00:22:45] Okay. Now take me to what your vision for the future is. What, I mean, I know that the whole coronavirus thing has put a kink into the plans, but what would you like to see your business becoming in the next two or three years?

Kevin Martino: [00:23:00] At some point, I'm going to have to outgrow my cottage food business, so I will have to get a commercial space. For me personally, I would like to have my own commercial space, have a production area, and then have a front area where people can pick up the orders as well. That's my plan.

David Crabill: [00:23:22] Okay, so you'd like a storefront with your own kitchen in it. Have you ever looked at using a co-packer as a possibility?

Kevin Martino: [00:23:30] No. I'd rather have control. I don't know if it's just because that chef in me

David Crabill: [00:23:37] Yeah. You've got, have to let up some control when you use a co-packer and, and you change your processes a little bit. So you've been doing this for a number of years now. So what do you think has made you so successful?

Kevin Martino: [00:23:53] A lot of hard work. I never paid for any advertising or any promoting. Which there were tons of resources out there, you know, Google ads or whatever, you know, promoting or paying extra and paying for ads on Facebook, whatever. Mine is just word of mouth and just getting my name out there. So definitely just hard work and persistence. I'm not a pushy sales person, but I believe you have, if you have a good product, it'll sell itself.

David Crabill: [00:24:25] Well, I also know that you get into the breweries a lot yourself and you, you, you don't need to necessarily be salesy to establish relationships with people, and I think that's one of your strengths.

Kevin Martino: [00:24:35] Also I'm a home brewer. So that also kind of helps me understand the beer industry.

David Crabill: [00:24:41] Yeah. You're kind of embedded into their community. So when you got started in 2013, what steps did you have to take to start your business legally?

Kevin Martino: [00:24:52] For me, the law was just a month or so old. So when I was starting, I was learning as I go. I never had my own business before, so, I was just going with it and learning as things happen.

But for me, I noticed that the turnaround time was maybe a month. Well, you had to talk to the business license department, and then you had to talk to the zoning department as well. And then the third step was getting a permit through the health department.

David Crabill: [00:25:22] Do you remember what the costs were for the business license? The zoning permit? The cottage food permit?

Kevin Martino: [00:25:29] I think the health permit, I think was \$300 or \$350. And the business license, I think that was \$20. I could be wrong.

David Crabill: [00:25:39] Yeah, I remember back when the cottage food law got started. I was living in Contra Costa County as well at the time, and I remember it was one of the most expensive fees for a cottage food permit in the state. So that's not surprising to hear. It was \$300 something, but you got the Class B license, right?

Kevin Martino: [00:25:57] I got the class B, which lets you sell person to person or to businesses.

David Crabill: [00:26:03] Yeah. Let's you sell wholesale like you do mostly now. And what does it take for you now to maintain your business legally? How often do you have to renew permits and such, and how much does that cost?

Kevin Martino: [00:26:17] You have to renew your business license and permit every year, and for the health permit, they have the annual inspection of your kitchen and I think I pay maybe three, I think it's around \$340 for the health permit.

David Crabill: [00:26:34] you have to pay the health department \$340 every single year?

Kevin Martino: [00:26:38] Yes.

David Crabill: [00:26:38] That is really expensive. But then again, I don't know, I think Contra Costa County is one of the most expensive, and they are in the Bay area, so I think everything's more expensive in the Bay area.

Kevin Martino: [00:26:50] Yeah, they might be more strict.

David Crabill: [00:26:53] Well it's at least cheaper than running another kind of food business.

Kevin Martino: [00:26:57] Yeah, if you had to, if you were to have you own commercial kitchen space, you would be definitely paying more for the lease and everything.

David Crabill: [00:27:05] Yeah, you would be paying a lot more. So it makes sense. Kevin, why do you love to run your cottage food business?

Kevin Martino: [00:27:14] I enjoy having a cottage food business because I love hearing from people and seeing how much they enjoy my products and I just love cooking.

David Crabill: [00:27:26] well, thank you so much, Kevin, for taking the time today to share a little bit about your business. How can people find you and get in touch?

Kevin Martino: [00:27:36] You can find me at chefkevfoods.com.

David Crabill: [00:27:49] Great. Well, it sounds like you're doing well. I know the whole coronavirus thing has limited your sales in the meantime, but hopefully you'll get back up and running to full production pretty soon.

Kevin Martino: [00:28:02] Well thank you, David. I appreciate it.

David Crabill: [00:28:06] that wraps up the ninth episode of the Forrager podcast. I remember seeing Kevin at one of his very first markets in 2013 and it's cool to see how far his business has come since then. His hard work and love for food has definitely paid off.

If you are thinking about starting a cottage food business, head on over to forrager.com to [check out your state's cottage food law](#).

For more information about this episode, go to forrager.com/podcast/9. Thanks for listening and I'll see you in the next episode.