

# NCAT Marketing Tip Sheet Series

This publication contains 13 tip sheets, each of which describes a particular marketing channel and notes some of the considerations associated with that approach to marketing. Each tip sheet also provides additional resources about that marketing channel. These tip sheets are available to download from the ATTRA website as a packet, or individually.



## — Contents —

1. Tips for Selling with Agritourism and “Pick-Your-Own”
2. Tips for Selling through CSAs Community Supported Agriculture
3. Tips for Selling at Farmers Markets
4. Tips for Selling at Roadside Stands
5. Tips for Selling on The Internet
6. Tips for Selling to Restaurants
7. Tips for Selling to Grocery Stores
8. Tips for Selling to Institutional Markets
9. Tips for Selling to Aggregators/Grower Marketing Coops
10. Tips for Selling to Produce Brokers
11. Tips for Selling to Produce Distributors
12. Tips for Selling to Produce Packing Houses
13. Tips for Selling to Wholesale Buyers at Terminal Markets



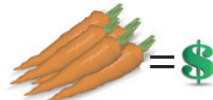
# Tips for Selling with: Agritourism and “Pick-Your-Own”

Agritourism combines agricultural sales with on-farm activities that involve the customers. These can include hayrides, mazes, pumpkin patches, farm tours, a bed and breakfast, or other endeavors.

“Pick-your-own” or “you-pick” operations allow customers to wander out into the fields or orchards to pick their own apples, berries, pumpkins, or other crops. Customers check in at the farmstand when finished and pay by weight or volume. This can be a fun activity, especially for kids, and can sometimes allow customers to get larger volumes at lower prices.

*For this market you can expect:*

- Lower volume of product
- Higher prices per unit



## Advantages

★ key point

- Good way to attract customers willing to pay for an educational and engaging experience.
- Good way to diversify your farm business.
- Good way to advertise your farm and your other enterprises.
- Opportunity to educate the next generation about agriculture and rural communities.
- On-farm stores are an ideal venue to sell value-added products, such as jams, baked goods, etc.



Photo: Tammy Hinman, NCAT

## Considerations

- You may have less privacy. People will be walking around your farm.
- ★ You should be prepared to interact with a wide range of people.
- You will need to focus not just on production, but on creating an attractive and safe customer experience.
- You will need customer facilities, such as bathrooms and hand washing sinks.
- You may need additional insurance beyond a farm liability policy.
- ★ Agritourism enterprises do best when located on a busy road or near a population center.
- In pick-your-own operations, farmers may be expected to offer a discounted price for high-value crops.

## Agritourism Tips



key point

- ★ Have “something to see, something to do, something to buy.”
  - Feature children’s activities such as petting zoos, pumpkin picking, arts and crafts, or picking out a Christmas tree with the family.
  - An internet presence can help advertise your operation, its location, what it has to offer, and times of operation.
  - Provide adequate parking, restrooms, and signage.
  - Consider hosting a festival focused on a particular farm product or activity, such as a lavender festival, harvest festival, planting celebration, etc.
  - Check with your chamber of commerce or economic development office to connect to local or regional tourism promotion.
- ★ Be prepared for folks who trip and fall, and absolutely carry at least \$2 million in liability insurance.

## Key Questions to Ask Yourself

- Do I like entertaining and having people at my farm?
- Can I keep my farm tidy and hazard free?
- Is my farm located on a road with enough traffic or close enough to a busy population center to generate customers?
- Can I put up sufficient signage to alert drivers and give them time and space to pull off the road?
- Do I have space for parking?
- What permits and extra insurance do I need?

## Agritourism Resources

- **ATTRA Publications.** Prices vary for individual publications, many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. [www.attra.ncat.org](http://www.attra.ncat.org)  
— *Entertainment Farming and Agritourism: Business Management Guide* (2004)
- **California Agritourism Directory** shows agritourism operations in the state, searchable by county. The directory provides detailed contact information and farmers can add their farms to the list. [www.calagtour.org](http://www.calagtour.org)
- **Local Harvest** website lists and describes all kinds of farms that sell direct to the public. Browsing here will give you a good sense of what farmers across the country are doing. The website currently has about 800 listings nationwide for Pick-Your-Own farms—mostly for small fruits. [www.localharvest.org](http://www.localharvest.org)
- **East Coast Agritourism 2010** webinar series. [www.ncsu.edu/tourismextension/programs/webinars.php](http://www.ncsu.edu/tourismextension/programs/webinars.php)
- **National Agricultural Law Center** compiles information about specific agricultural and food law topics. [www.nationalaglawcenter.org/readingrooms/agritourism](http://www.nationalaglawcenter.org/readingrooms/agritourism) and [www.nationalaglawcenter.org/research](http://www.nationalaglawcenter.org/research)
- **UC Small Farm Program: Agritourism (2010)** website provides links to California case studies. <http://sfp.ucdavis.edu/agritourism>
- **Agritourism: A Web-Based Resource for Farmers** is a network based at the University of Vermont that offers many links, webinars and nationwide research papers about agritourism, including *Agricultural Diversification and Agritourism: Critical Success Factors*. [www.uvm.edu/tourismresearch/agritourism](http://www.uvm.edu/tourismresearch/agritourism)
- **North American Farmers’ Direct Marketing Association** promotes direct marketing, agritourism. [www.nafdma.com](http://www.nafdma.com)

***This tip sheet was developed with assistance from Dina Izzo, Bludog Organic Produce Services.***

The development of this material was supported through USDA/NIFA/OASDFR  
[www.outreach.usda.gov/oasdrf](http://www.outreach.usda.gov/oasdrf)



### Tips for Selling with: Agritourism and “Pick-Your-Own”

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# Tips for Selling through: CSAs — Community Supported Agriculture

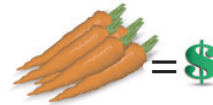
NCAT Marketing Tip Sheet Series

CSA is a system of direct marketing where consumers pay the farmer at the beginning of the growing season for a weekly box of fresh fruits and vegetables. A CSA “share” is harvested and delivered to customers over a period of several months. CSAs may include meat, grain, flowers, or value-added products such as bread or cheese, in addition to fresh produce.

A core philosophy of the CSA model is that customers (or “members”) truly support their local CSA farm by sharing the risk each season. This means that even if there’s a bad harvest, the members still pay the same amount for the season. Members are willing to do this to ensure that “their” farm survives over time as a healthy food source and connection to the land for the local community. A CSA farm has the opportunity to cultivate a very loyal customer base.

*For this market you can expect:*

- Lower volume of product
- Higher prices per unit



## Advantages

★ key point

- Customers pay up front, which generates operating capital.
- The major marketing push is completed before the season starts, leaving more time to farm during the growing season.
- CSAs can build loyal customers who may be willing to share the risks of farming. Farmers must earn that loyalty by growing high quality products.
- No standard pack or grading is required.



Serendipity Farm. Photo: [www.serendipity-organic-farm.com](http://www.serendipity-organic-farm.com)

## Considerations

- ★ CSAs require thoughtful planning to maintain a continuous supply of crops.
- Packing is labor-intensive because of the wide variety in the weekly box.
- CSAs require an extensive post-harvest handling set-up for washing, sorting, packing, etc.

## Tips

- Build community through efforts such as harvest parties, work days, and newsletters.
- Conduct annual surveys to get customer feedback on quality, variety and service.
- Consider collaborating with other CSA farms if you want to offer a wider selection.



## Key Questions to Ask Yourself about CSAs



- ★ Timing and planning are critical in a CSA. How will I ensure consistent weekly harvests of a variety of vegetables and fruits for my CSA customers? See ATTRA's "Scheduling Vegetable Plantings for a Continuous Harvest."
- How many other CSA farms are in my area? Do they have waiting lists—unmet demand that I could tap into?
- Will I enjoy the social aspects of running a CSA, such as hosting festive gatherings or work days for members, writing newsletters to include in weekly boxes, and generally creating opportunities for people to get to know the farm?

## ATTRA Publications

- Prices vary for individual publications, many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. [www.attra.ncat.org](http://www.attra.ncat.org)
  - Market Gardening: A Start-Up Guide (2009)
  - Scheduling Vegetable Plantings for Continuous Harvest (2008)
  - Season Extension Techniques for Market Gardeners (2005)
  - Community Supported Agriculture (2006)

## Books and Guides

- **Sharing the Harvest: A Citizen's Guide to Community Supported Agriculture** by Elizabeth Henderson with Robin Van En. Chelsea Green Publishing, 2nd edition, 2007. \$35. This 300-page book provides valuable insight into making CSA a viable economic model as well as an excellent arrangement for farmers and food lovers alike. It provides information on starting a CSA and how to strengthen existing CSA operations.
- **Community Supported Agriculture**. University of Nebraska–Lincoln, Institute of Agriculture and Natural Resources, 2000. 4pp. [www.ianrpubs.unl.edu/epublic/pages/index.jsp?what=publicationD&publicationId=11](http://www.ianrpubs.unl.edu/epublic/pages/index.jsp?what=publicationD&publicationId=11)
- **Community Supported Agriculture** by Matt Ernst and Tim Woods. University of Kentucky College of Agriculture, New Crops Opportunity Center. 3pp. [www.uky.edu/Ag/NewCrops/marketing/csa.pdf](http://www.uky.edu/Ag/NewCrops/marketing/csa.pdf)



Packing CSA boxes, Full Belly Farm, Guinda, Calif. Photo: Rex Dufour, NCAT

## CSA Software

- **Farmigo** is a computer software subscription service that provides recordkeeping and membership management. It costs 2% of gross sales from the CSA or farm. [www.farmigo.com](http://www.farmigo.com)
- **CSA Toolbox** is an online "toolbox" that offers programs to communicate with your customers, do your paperwork, handle your billing, and take payments. [www.csatoolbox.com](http://www.csatoolbox.com)
- **CSAware** is a customizable, user-friendly Community Supported Agriculture software from LocalHarvest.com designed for CSAs with lots of moving parts. The cost is 2% of sales. [www.csaware.com](http://www.csaware.com)

## Recursos en Español

- **La Agricultura Apoyado por la Comunidad (CSA):** Una guía de entrenamiento para el rancho de CSA nuevo o prospectivo. Producido por CSA-MI. [www.csafarms.org/downloads/csa\\_manual\\_spanishpdf.pdf](http://www.csafarms.org/downloads/csa_manual_spanishpdf.pdf)

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### Tips for Selling Through: CSAs — Community Supported Agriculture

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# Tips for Selling at: Farmers Markets

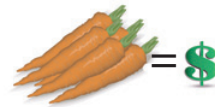
Farmers markets are temporary retail establishments typically held outdoors, where farmers come to sell their produce at a specified place and time. Farmers markets are growing in popularity across the country and can be a good entry-level selling place for beginning farmers.

## Advantages

- You may receive more money per unit, since you sell directly to customers.
- You generally have flexibility in the variety and volume of products you take to market.
- No standard pack or grade is required, but your produce should be good quality.
- Direct contact allows you to find out what your customers want.
- You have the opportunity to build a loyal customer base, including local chefs.

For this market you can expect:

- Lower volume of product
- Higher prices per unit



## Considerations

- The volume of sales will vary with the popularity of the market. Think about how to incorporate deliveries to other outlets in the area to increase your sales and efficiency.
- Labor costs can be relatively high (time and travel to and from market, time away from the farm).
- If you sell at several farmers markets, schedules can be demanding.
- To sell at popular farmers markets, it helps to have unique products.
- Being successful requires positive interactions with the public.
- Most farmers markets have an application process and rules to participate. For example, in California you must register as a "certified grower" with the county agriculture commissioner before selling at a certified farmers market.



Photo: Rex Dufour, NCAT

# Tips for Selling at Farmers Markets

★ key point

- ★ **Have an attractive product mix and clear signs for your market stand.**
  - Ensure that you have a consistent supply of popular products.
  - Consider providing samples of your product if local regulations permit.
  - Set up a service system where customers do not have to wait too long in line.
  - Invest in a scale that not only calculates weight but also gives you the sales price. A calculator that prints on a paper tape is another useful tool.
  - Visit markets seasonally to figure out what's missing from your market that you could supply.
  - Extend your season for popular products before or after the main season. This can increase your sales and attract new customers to your market stand.

## Key Questions to Ask Yourself

- ★ **Do I enjoy working with the public? If not, can I hire someone friendly and competent for my booth?**
  - Where are the nearest farmers markets? Are they accepting new vendors?
- ★ **Do these farmers markets have enough customers to make it profitable for new vendors?**
  - What are the other vendors selling? What's my niche?
- ★ **How much time will I spend at the market? How early will my day start and end? Am I willing to do this each week?**
  - What is the application process for the farmers market? What are the rules? For example, can I sell products I have not grown?

## Resources

- **ATTRA Publications**  
Prices vary for individual publications. Many are free. An inexpensive subscription will give you access to all 350+ publications and databases. [www.attra.ncat.org](http://www.attra.ncat.org)
  - **Scheduling Vegetable Plantings for Continuous Harvest** (2008)
  - **Season Extension Techniques for Market Gardeners** (2005)
  - **Postharvest Handling of Fruits and Vegetables** (2000)
- **Find a Farmers Market** by searching the USDA's online directory:  
<http://apps.ams.usda.gov/FarmersMarkets>
- **Growing For Market** magazine offers the free issue, "Selling at Farmers Markets:"  
[www.growingformarket.com/categories/SellingAtFarmersMarkets](http://www.growingformarket.com/categories/SellingAtFarmersMarkets)
- **Local Harvest website** is a nationwide directory of small farms, farmers markets, and other local food sources. The site helps consumers buy what they want directly from the farmers and ranchers who produce it.  
[www.localharvest.org](http://www.localharvest.org)



Photo: Rex Dufour, NCAT

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# Tips for Selling at: Roadside Stands

Roadside stands are physical structures located on a farm or along a nearby road where farmers sell produce, meat, eggs, dairy, or other products from the farm. The stands can be as simple as a small open-sided display with payment on the honor system, or as elaborate as a small grocery store.

★ key point

## Advantages

- You have potential for high profit margins because you sell directly to customers.
- You have low advertising costs, since you just need a few signs.
- You may have low overhead costs, depending on how elaborate the structure is. Some farm stands are very simple, even unstaffed, running on the honor system, where customers leave money in a secure container.
- You have no transport costs.
- No standard pack or grade is required.

For this market you can expect:

- Lower volume of product
- Higher price per unit



## Considerations

- ★ **Location is critical.** Good locations have high traffic and high visibility, with proximity to other businesses, easy parking or turn-off lanes for customers, etc.
  - Signs should be easy to see, giving drivers plenty of time to slow down and pull over to park.
- ★ **Make sure that local zoning ordinances allow roadside markets.** Check with other roadside vendors about where to obtain permits.
  - You could have high overhead expenses to develop, operate and staff the facility.
  - If your roadside stand is large and includes products not grown on your farm, you may need commercial business insurance in addition to a comprehensive farm liability policy.
  - The farm must be kept tidy, clean and hazard-free.
  - You need to understand health regulations about selling processed or “value-added” products. Contact your state or local health departments for details.



Photo: Rex Dufour, NCAT

## Key Questions to Ask Yourself

★ key point

- ★ **Does my location get enough traffic to generate customers? Do I have space for parking? Can I put up sufficient signs to alert drivers and give them time and room to pull off the road?**
  - What hours and staffing would I need in order to run the stand effectively?
  - What licenses, permits or zoning ordinances do I need to be aware of? Contact the state department of agriculture to find out.

## Resources

- **ATTRA Website.** Many relevant publications and resources are offered here, such as “Entertainment Farming and Agri-Tourism.” Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. [www.attra.ncat.org](http://www.attra.ncat.org)
- **Developing a Roadside Farm Market** (2006). Agricultural Alternatives, Pennsylvania State University. 6 pp. This is a good overview of what farmers should consider when setting up a roadside stand. [http://agalternatives.aers.psu.edu/Publications/roadside\\_farm.pdf](http://agalternatives.aers.psu.edu/Publications/roadside_farm.pdf)
- **Farmstand Regulations Expand Options.** University of California Small Farms program. This website provides updated, California-specific information about farmstand regulations. <http://sfp.ucdavis.edu/agritourism/farmstands.html>
- **Roadside Stand Marketing of Fruits and Vegetables.** This 40-page publication offers a wealth of information about marketing considerations, the shopping habits of roadside-stand customers, pricing, store layout, marketing tactics, impulse buying, popular fresh products, etc. [www.caed.uga.edu/publications/2002/pdf/CR-02-09.pdf](http://www.caed.uga.edu/publications/2002/pdf/CR-02-09.pdf)
- **Roadside Markets, Stands, and Equipment.** Penn State offers these detailed design plans for four different sizes of roadside stands as well as a walk-in cooler. <http://agmarketing.extension.psu.edu/Retail/PDFs/IP790-33.pdf>
- **The Legal Guide for Direct Farm Marketing** by Neil Hamilton. 1999. 235 pp spiralbound. \$20.00 to \$24.00. Before selling their products directly to consumers, all farmers should consider these important issues. Learn about legal considerations behind farmers’ markets, business organization, contracts, food stamps, advertising and marketing, land use and property law, labor and employment, insurance and liability, food processing, and marketing meat, poultry, eggs, and dairy products.
- **Facilities for Roadside Markets.** Natural Resource, Agriculture and Education Service. 1992. 32 pp. \$8.00. Valuable for persons considering a roadside market or looking to improve or expand a current one. Chapters cover site considerations (visibility and accessibility, utilities, drainage, zoning, and building ordinances); market layout (areas for sales, preparation, shipping and receiving); market structure and facilities (parking, lighting, fire protection, security). Includes illustrations and plans. [www.nraes.org/nra\\_order.taf?\\_function=detail&pr\\_booknum=nraes-52](http://www.nraes.org/nra_order.taf?_function=detail&pr_booknum=nraes-52)



Photo: Rex Dufour, NCAT

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### Tips for Selling at: Roadside Stands

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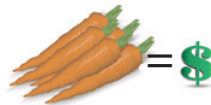
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# Tips for Selling on: The Internet

The Internet is a communication and marketing tool that can provide exposure to a large number of potential customers. The Internet can be used to advertise your farm with pictures and maps, take orders online, show product availability, keep in touch with your existing customers, and support other ways of selling, such as CSAs or farmers markets. Farmers can have an Internet presence through their own website or by using a website run by a third party.

For this market you can expect:

- Lower volume of product
- Higher price per unit



## Advantages

★ key point

- You can let a lot of people know about your farm, its history, product line, and location.
- You save time marketing and selling, since your website or web presence is always available to customers.
- A basic website can be developed with minimal instruction.
- Third-party websites can be used to provide web presence with minimal investment of your time or resources.

## Considerations

- There is less personal connection between customer and producer over the Internet.
- ★ An Internet presence requires regular maintenance.
- The Internet can be used to take and process orders, but this requires a more sophisticated website than one that simply advertises your farm and products.
- Know your closest, least expensive, most reliable shipping options. Can they ship cold?
- Make sure you calculate the cost of all your packing materials into the cost of your products. Be aware of your customers' packing material preferences.
- Make sure you take into consideration how shipping is compensated. Is it included in the sale of goods, or do customers pay for shipping separately?

## Key Questions to Ask Yourself

- What is my experience and comfort level with computers? If it is limited, who can help me with my computer and Internet work on a regular (weekly) or as-needed basis?
- How will I keep my site or web presence up to date in order to keep attracting customers to it?
- How much time will it take to maintain an electronic list of customers for e-newsletters and updates?
- ★ How might Internet marketing fit with, and perhaps support, other marketing channels, such as CSA, agritourism and institutional markets?



The website of Full Belly Farm, Guinda, Calif., gives details about their products, markets, CSA, staff, events, and more. [www.fullbelly.com](http://www.fullbelly.com)

## Tips for Selling on the Internet

- ★ **Outline your goals for your farm's Internet presence. This process will allow you to determine what resources (labor, expertise, software, hardware) you need to support these goals.**
  - Make your website easy to use and easy to find. Ask for feedback from friends and customers.
  - Select a website address ("domain name") that is short, meaningful, easy to spell, and easy to remember.
- ★ **Diversify your marketing strategies. Don't rely on your website as your only marketing channel or tool for your business.**
  - Consider using Facebook and Twitter to connect with a large number of potential customers.
  - Keep a blog and use other social media to keep customers interested in what is happening on your farm.
- ★ **Guide people to your site.**
  - Create and trade links to related websites.
  - List your web address in Buy Fresh Buy Local and other farm guides.
  - Use an e-newsletter that links to your website.
  - Put your website and email address on all your farm's printed material.
  - Sign up with websites that point to local produce such as [www.localharvest.org](http://www.localharvest.org).

## Resources

- **Buy Fresh Buy Local** chapters promote locally produced food. See a nearby chapter to find potential customers for your farm products and to learn more about local and Internet marketing. [www.foodroutes.org](http://www.foodroutes.org)
- **Foodzie** helps small food producers and farmers across the U.S. reach new customers and connect directly to customers searching for foods and gifts. Cost of using this service is tied to product sales. [www.foodzie.com](http://www.foodzie.com)
- **Local Harvest** is a nationwide directory of small farms, farmers markets, and other local food sources. The site helps consumers buy what they want directly from the farmers and ranchers who produce it. [www.localharvest.org](http://www.localharvest.org)
- **CSAware** is a customizable, user-friendly Community Supported Agriculture software program. It allows your CSA members to sign up for your program online, let you know when they'll be out of town, and order any special items you offer. As the administrator, you can see and manage all of that information, set what goes into the boxes each week, manage your drop-off site information, email some or all of your members, print out harvest lists, box labels, and member sign-in sheets, and perform other functions. [www.csaware.com](http://www.csaware.com)
- **Small Farm Central** was started by an ex-farmer who ran a CSA. The company provides, for a price, support to farmers to develop their own website as part of their marketing strategy. They offer a free trial as well as variable rates and levels of support service to help you develop and maintain your website. The site also provides member management services to CSAs and allows farmers to sell products on their website. [www.smallfarmcentral.com](http://www.smallfarmcentral.com)
- **Internet Marketing for Farmers.** <http://king.wsu.edu/foodandfarms/documents/internetMrkt.pdf>
- **How to Direct Market Farm Products on the Internet** (a 50-page pdf download) is an excellent guide to developing internet marketing goals, doing research on internet consumers, setting up and marketing a website, and using the experience of a variety of farmers who use the internet to support their sales. Good resources section with links to relevant software, articles and publications. <http://agmarketing.extension.psu.edu/retail/howdrctmrktoninternet.html>

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### Tips for Selling on: The Internet

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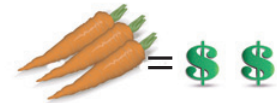
# Tips for Selling to: Restaurants

NCAT Marketing Tip Sheet Series

Restaurants are businesses that provide full meals and drinks, and try to offer a unique atmosphere and menu for customers. Some restaurants, especially locally owned ones, now want to feature dishes using local produce. This presents a good marketing opportunity for farmers to sell to them directly.

*For this market you can expect:*

- *Low-to-medium volume of product*
- *Higher prices per unit*



## Advantages

★ *key point*

- Chefs value fresh, high-quality products.

## Considerations

- Expect small order size and frequent delivery.
- Chefs value top quality produce.
- It's important to provide the buyer with a weekly availability list.
- Chefs may require a consistent supply of particular items.

## Tips

- ★ **Be consistent.** Chefs expect a product will be delivered if they put it on the menu.
- Build a relationship with the entire staff. Chefs move frequently.
- ★ **Chefs are on a tight schedule and generally require deliveries when they're not busy, such as before 10 a.m. or between 2 and 5 p.m.**
- Introduce new products by dropping off free samples with your regular deliveries.
- ★ **Fax or email a list of available products for the chef to order from.**
- Use the chefs as your best source of market information. They may know what the next big thing is before you do.
- Know how the chef is using your product and be prepared to talk about other ways to use it.
- In the autumn, ask the chefs what products they want you to grow next season.
- ★ **Ask about each restaurant's needs, including pack, size, variety, post-harvest preferences, new items, and how they would like to place orders (by fax, phone text message, or email).**



Photo: Tammy Hinman, NCAT.



## Key Questions to Ask Yourself

- ★ **How far in advance do the chefs need to see an accurate schedule of product availability in order to allow them to plan their menus?**
  - What restaurants are the best fit for my product profile? Ethnic restaurants, specialty bakeries, high-end gourmet restaurants?
  - What production, handling, storage, and delivery methods will I use to ensure the freshest and highest quality products to high-end chefs? Highlight these in outreach to chefs.
  - How frequently and quickly am I able to deliver to restaurants? What are the chef's expectations about this?
- ★ **How do the restaurants want to communicate with me? Cell phone, email, text message, fax?**

## Resources for Selling to Restaurants

### • ATTRA Publications

Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases.

[www.attra.ncat.org](http://www.attra.ncat.org)

- **Selling to Restaurants** (2004)
- **New Markets for Your Crops** (2008)  
(also available in Spanish)
- **Scheduling Vegetable Plantings for Continuous Harvest** (2008)
- **Season Extension Techniques for Market Gardeners** (2005)
- **Postharvest Handling of Fruits and Vegetables** (2000)
- **Illustrated Guide to Growing Safe Produce on Your Farm: GAPs** (2011) (also available in Spanish)

### • Chefs Collaborative works with chefs and the greater food community, including farmers, to celebrate local foods and foster a more sustainable food supply.

[www.chefscollaborative.org](http://www.chefscollaborative.org)

### • Selling Directly to Restaurants and Grocery Stores.

Washington State Department of Agriculture. 2010.

<http://agr.wa.gov/Marketing/SmallFarm/DOCS/3-sellingDirectlyToRestaurantsAndGroceryStores.pdf>



Photo: Markristo Farm.

The development of this material was supported through USDA/NIFA/OASDFR  
[www.outreach.usda.gov/oasdf](http://www.outreach.usda.gov/oasdf)



### Tips for Selling to: Restaurants

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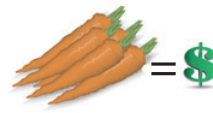
IP 425, Slot 421, Version 122612

# Tips for Selling to: Grocery Stores

Grocery stores typically buy large volumes of fresh and processed foods as well as other household items, reselling their products to individual consumers. Grocery stores are appealing because they sell everything customers need at one convenient place. Depending on the size of the town, these stores may have more than one location. Very large grocery chains operate stores across broad regions of the country. Many grocery stores are now interested in selling products grown by local farmers.

For this market you can expect:

- **Medium-to-high volume of product**
- **Lower prices per unit**



## Advantages

- You may be able to sell larger volumes.
- The store may buy a range of products once you have introduced your first product.
- There is potential for a long-term relationship with the store, especially if you build a brand identity for your farm.

## Considerations

- Liability insurance that covers claims of up to at least \$1 million is required.
- The first sale may be difficult because grocery stores have a limited amount of shelf space, already have regular suppliers, and may prefer to buy from fewer suppliers.
- Payment generally occurs on a 15-to-30 day cycle.
- Standard packing and post-harvest practices are required. Produce should be delivered clean and cold.
- Grocery stores may require a PLU (Price Look-Up number) or UPC code (Universal Product Code, represented by a barcode).
- Some grocery stores may require a food safety plan.



Photo: Rex Dufour, NCAT

## Tips for Selling to Grocery Stores

- ★ **Be professional, reliable, and on time when communicating and delivering products.**
  - Visit or call the store and ask for an appointment with the produce buyer before the season begins. Bring your crop plan or product list for the full season, and a price list. Show visuals for the upcoming crops — photos of trees in bloom, what the fruit looks like, testimonials, brix readings. If you have something to sample, bring it to show your quality and pack.
  - Always bring two copies of an invoice, one for your customer and one for you. Both copies should be signed at the time of delivery, providing proof that quality and quantity are accurate.
  - Build relationships with everyone who handles your product.
- ★ **Ask about and follow the store's expectations for pack, size, grade, or post-harvest practices.**
  - Communicate with buyers often throughout the course of the week to keep them updated on your product quality and quantity.
- ★ **Plan your plantings for continuous harvest and adequate volume to supply expected demand from store.**
  - Get the store's produce team enamored with your farm by educating them about your products. Give them samples to take home and maybe provide recipes.
  - Offer to provide farm tours, pictures of your farm for display, and in-store demos of your products with recipes and descriptions.

## Key Questions to Ask Yourself

- What products do local grocery stores want that I could supply, including specialty ethnic foods?
- Does a particular chain have an interest in purchasing locally?
- What is my plan to ensure a consistent supply of a few key products over a period of several weeks?
- Do I have a Good Agricultural Practices (GAPs) plan? Does this buyer require it?

## Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 400+ publications and databases. [www.attra.ncat.org](http://www.attra.ncat.org)  
— Sustainable Season Extension: Considerations for Design (2011) — Postharvest Handling of Fruits and Vegetables (2000)  
*Available in Spanish or English:* — Season Extension Techniques for Market Gardeners (2005)  
— Illustrated Guide to Growing Safe Produce on Your Farm: GAPs (2011)  
— Scheduling Vegetable Plantings for Continuous Harvest (2008)
- **Selling Directly to Restaurants and Grocery Stores**, Washington State Department of Agriculture, 2010.  
<http://agr.wa.gov/Marketing/SmallFarm/DOCS/3-sellingDirectlyToRestaurantsAndGroceryStores.pdf>
- "A Guide for Farms Considering Selling in Grocery Stores" and "Is Selling to Grocery Stores Profitable for Farms or Processors?" from the Local Fare website of the University of Wisconsin, Platteville.  
[www.uwplatt.edu/cont\\_ed/LocalFare/links-resources.html](http://www.uwplatt.edu/cont_ed/LocalFare/links-resources.html)
- See advertised prices of last week's produce nationwide and by region at [www.marketnews.usda.gov/portal/fv](http://www.marketnews.usda.gov/portal/fv)
- Price Look-up numbers (PLUs): a complete list is available at [www.plucodes.com](http://www.plucodes.com)
- **Rodale Institute Organic Price Report** shows prices of fruit, vegetables and grains for six different wholesale terminals across the U.S. [www.rodaleinstitute.org/Organic-Price-Report](http://www.rodaleinstitute.org/Organic-Price-Report)
- **Wall Street Journal** article explains why and how to obtain UPC codes, including costs and alternatives.  
<http://guides.wsj.com/small-business/starting-a-business/how-to-get-upc-codes-for-your-products-2>

**This tip sheet was developed with assistance from Dina Izzo, Bludog Organic Produce Services.**

The development of this material was supported through USDA/NIFA/OASDFR  
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### Tips for Selling to: Grocery Stores

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By Marisa Alcorta, Rex Dufour and Tammy Hinman, NCAT  
Production: Karen Van Epen

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IP 424, Slot 419, Version 122612

# Tips for Selling to:

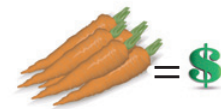
NCAT Marketing Tip Sheet Series

# Institutional Markets

Institutional markets are entities such as cafeterias in state and local government buildings, schools, universities, prisons, hospitals, or similar organizations. These institutions are becoming more interested in buying local food, which provides a new marketing opportunity for a medium to large-scale farm.

*For this market you can expect:*

- Larger volumes of product
- Lower prices per unit



## Advantages

★ key point

- You can sell large volumes of many products.
- There are many possible sales outlets, such as business cafeterias, schools, hospitals, prisons, day-care centers, senior centers, community colleges, and universities.

## Considerations

- While you can sell a larger quantity, expect a lower price.
- ★ Requires good communication between buyer and seller.
- Some institutions expect a more processed product.
- Liability insurance is required.
- Institutions usually pay within 30 days.
- The health department requires that vehicles delivering produce to institutions must remain at a certain temperature.

## Key Questions to Ask Yourself

- Do I have liability insurance and a Good Agricultural Practices (GAPS) plan?  
Do these buyers require either of these items?
- How do these buyers want produce packed and delivered?
- What quantities do they need and how often?
- Do they need produce that has been pre-cut or lightly processed for easy use?
- What's the best way to communicate with these buyers about my product availability — fax, email, text message, phone?
- Is there a competitive bidding process for schools and other public institutions?  
What do I need to do to be considered?



Photo: Rex Dufour, NCAT.



# Tips for Selling to Institutional Markets

★ key point

- Research the institution. Find out who makes buying decisions.
- ★ Know what the buyer requires from you.
  - Produce quality standards?
  - Type of pack or size of product?
  - Specific delivery times and number of deliveries per week?
  - Liability insurance and for how much?
  - A Good Agricultural Practices (GAPs) plan?
- ★ Maintain consistent volumes and quality.
  - Work with local organizations such as universities, nonprofits, and Food Policy Councils to help reduce barriers for farmers selling to local institutions.
  - Consider developing a Good Agricultural Practices (GAPs)/Food Safety Plan to allow easier access to these markets.
  - Find out if the buyer will purchase imperfect, blemished or small produce for a lower price.

## Resources

### • ATTRA Publications

Prices vary for individual publications, many are free. An inexpensive subscription to ATTRA will give you access to all 400+ publications and databases. [www.attra.ncat.org](http://www.attra.ncat.org)

- *New Markets for Your Crops*, 2008 (also available in Spanish and as a Spanish-language audio file)
- *Illustrated Guide to Growing Safe Produce on Your Farm*, 2010 (also available in Spanish)

- *Selling to Institutions* by Bill Wright, University of Wisconsin Cooperative Extension, Emerging Agricultural Markets Team, 2007. A 4-page PDF on how to get started and do well selling to institutions. [www.uwex.edu/ces/agmarkets/publications/documents/A3811-19.pdf](http://www.uwex.edu/ces/agmarkets/publications/documents/A3811-19.pdf)

- *Farm to Hospital: Supporting Local Agriculture and Improving Health Care*. This 6-page brochure explains farm-to-hospital and why it's important, as well as how hospitals can improve their food, and how growers can approach institutions. [www.foodsecurity.org/uploads/F2H\\_Brochure-Nov08.pdf](http://www.foodsecurity.org/uploads/F2H_Brochure-Nov08.pdf)

- **Farm to College Website Resource List**. Useful for anyone interested in learning more about getting local produce into institutions. The lists are broken down by the intended audience such as farmers, food professionals, student organizers, etc. <http://farmtocollege.org/resources>

- *Community Food Security Liability & Food Safety* (in English and Spanish). This short brochure summarizes some of the issues regarding food safety when selling to institutional markets. It gives the reader information on what to expect for insurance requirements and how to better protect your farm. [www.foodsecurity.org/insurance.htm](http://www.foodsecurity.org/insurance.htm)

The development of this material was supported through USDA/NIFA/OASDFR  
[www.outreach.usda.gov/oasdf](http://www.outreach.usda.gov/oasdf)



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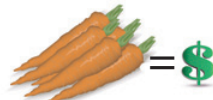
IP 427, Slot 425, Version 122612

# Tips for Selling to: Aggregators/Grower Marketing Coops

Aggregators are agricultural businesses or cooperatives of growers that consolidate and distribute agricultural products. They typically support regional growers of diverse sizes and experience, and sell products to local or regional markets. The consolidation of multiple farms' products can help supply fresh product for distributors and other wholesale customers and is not limited by grower size.

**For this market you can expect:**

- Higher volume of product
- Lower prices per unit



## Advantages

- In contrast with other wholesale markets, you can sell large or small quantities of product through this marketing channel.
- Your products may still retain your farm identity and may be marketed locally or regionally.
- Aggregators will often work with growers to provide on-farm technical support, harvest and pre-production planning to meet market projections.
- Aggregators often serve as the marketer and distributor, which allows the grower to focus more time on farming and may reduce the marketing and distribution costs of the individual grower.
- Aggregators and marketing co-ops can help buy packaging materials, labels and marketing materials through group purchasing, which can reduce the individual grower's materials costs.

## Considerations

- You can sell a larger quantity, but expect a lower price per unit.
- Growers are required to adhere to packing grades and standards.
- Growers may be required to adhere to Good Agricultural Practices and complete a food safety plan.
- If the aggregator is a co-op, growers will likely be required to attend meetings and participate in some capacity.
- There are often annual fees associated with a grower co-op.



Transferring produce from the cooler for delivery to local schools in Davis, Calif. [www.caff.org](http://www.caff.org)



# Tips for Selling to Aggregators/Grower Marketing Coops

- Aggregation on a local level is a fairly new concept. Look for grower recruitment meetings, or ask around to find out if one is located near you. ★ key point
- BEFORE you begin production, call the aggregators to find out what products they are looking for.
- ★ If you are starting a cooperative aggregation group, be sure you understand how the legal business structure of a cooperative works. Contact the USDA Rural Business Cooperative Service to help guide you through the process and possibly access federal funding: [www.rurdev.usda.gov/rbs](http://www.rurdev.usda.gov/rbs)

## Key Questions to Ask Yourself

- How will my membership with the aggregator or growers co-op align with my personal and business goals?
- Has this aggregator or co-op been successful or in business for more than a short period of time? Do they have a good reputation?
- If it's a co-op, what kind of time commitment is required? Am I willing to work with a group to help market our collective produce?
- ★ Am I prepared to adhere to quality and other standards that are set by the group?

## Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. Phone 800-346-9140. [www.attra.ncat.org](http://www.attra.ncat.org)
  - *Illustrated Guide to Growing Safe Produce on Your Farm: GAPs* (2011) (English or Spanish)
  - *Post-Harvest Handling for Fruits and Vegetables* (2000)
  - *New Markets for Your Crops* (2008) (English or Spanish)
  - *ATTRA website's resources about Cooperative Development:* <https://attra.ncat.org/marketing.html#cooperatives>
- **Collaborative Marketing: A Roadmap and Resource Guide for Farmers** explains how to form a marketing coop, with many case examples of farmer marketing co-ops throughout the Midwest. 2008. King and DiGiacomo. University of Minnesota. [www.extension.umn.edu/distribution/businessmanagement/DF7539.html](http://www.extension.umn.edu/distribution/businessmanagement/DF7539.html)
- **The Packer** is a weekly newspaper covering fruit and vegetable news, produce shipping, distribution, packing, marketing, and trends in fresh produce in North America. [www.thepacker.com](http://www.thepacker.com)
- **Rocky Mountain Farmers Union** provides training and assistance to farmers who want to organize marketing cooperatives in New Mexico, Colorado, and Wyoming. Telephone 303-753-5800. [www.rmfu.org/co-op](http://www.rmfu.org/co-op)
- **Scaling Up: Meeting the Demand For Local Food** compares 11 aggregator models from across the country. To obtain a copy call toll-free 1-877-947-7827 or visit University of Wisconsin extension, [www.learningstore.uwex.edu](http://www.learningstore.uwex.edu)
- **U.S. Agricultural Marketing Service (AMS) Fresh Fruit, Vegetable, Nut, and Specialty Crop Grade Standards** lists the quality standards for fruits, vegetables and nuts sold as commodities. <http://tinyurl.com/ams-grade-standards>
- **USDA Rural Development, Business and Cooperative Programs** offer many publications about cooperatives as well as the bi-monthly *Rural Cooperatives* magazine. [www.rurdev.usda.gov/rbs/pub/NEWPUB.htm](http://www.rurdev.usda.gov/rbs/pub/NEWPUB.htm)
- **Wholesale Success: A Farmers Guide to Selling, Post Harvest Handling, and Packing Produce** is a 255-page manual about the wholesale produce industry, with details on building relationships, food safety, grading standards, filling orders, record keeping, and billing. The manual includes harvesting, cooling, storing, and packing information for 103 different fruits and vegetables. Order online or call 708-763-9920. [www.familyfarmed.org/wholesale-success](http://www.familyfarmed.org/wholesale-success)

*This tip sheet was developed with assistance from Bob Corshen, Community Alliance with Family Farmers, and Karl Sutton, Mission Mountain Food Enterprise Center.*

The development of this material was supported through USDA/NIFA/OASDFR  
[www.outreach.usda.gov/oasdr](http://www.outreach.usda.gov/oasdr)



### Tips for Selling to Aggregators/Grower Marketing Coops

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By Marisa Alcorta, Rex Dufour and Tammy Hinman

Production: Karen Van Epen

Find this on the Internet at [www.attra.ncat.org/marketing.html](http://www.attra.ncat.org/marketing.html)

IP 434, Slot 434, Version 122612

# Produce Brokers

A produce broker is a salesperson who has access to any seller in the food chain, including packing houses, processors, agribusinesses, and mid- to large-scale farms. Typically they work with large-scale farms. A broker will help arrange the logistics of getting your product from your

farm to their buyer, often taking commissions based on a percentage of the sale. Their success depends on their reputation and they spend years building relationships.

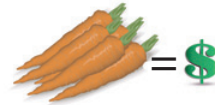
## Advantages

★ key point

- Brokers have relationships with many buyers and can arrange a sale more easily than the farmer can.
- Brokers generally have a better understanding of the market conditions and prices than the farmer does.
- Working with a broker allows you to focus on production, rather than sales.
- Brokers can arrange transportation, either from your farm or from a terminal market.

*For this market you can expect:*

- Higher volume of product
- Lower prices per unit



## Considerations

- Brokers prefer to deal with larger volumes, but it is not a requirement.
- While you can sell a larger quantity, you should expect a lower price per unit.
- Research your broker and their reputation. Farmers can sign an agreement with a broker that clearly delineates lines of fiscal responsibility.
- It is advantageous when working with brokers to have clear and concise agreements regarding volume throughout the season. Written agreements are helpful but not required.
- In order for a broker to sell your product, you will need to properly sort it for high quality, cool it, and store it.

## Key Questions to Ask Yourself

- Do you know others who have had good experiences with this broker?
- Do you have enough volume to still see a profit after paying a commission to a broker and selling at wholesale prices?
- Would you rather entrust someone else to sell your products so that you can focus only on production?

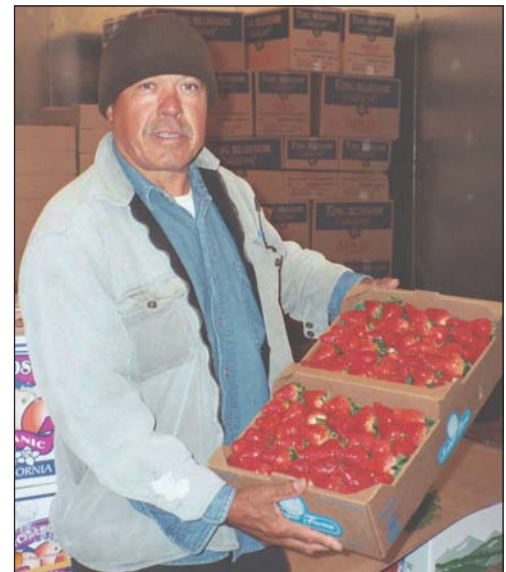


Photo: Rex Dufour, NCAT

# Tips for Selling to Produce Brokers

★ key points

- ★ Check with other growers and get a sense of the broker's or the brokerage company's reputation before you work with them. You want someone with an excellent track record who comes highly recommended. You can check their credibility through their DUNS number ([www.dnb.com](http://www.dnb.com)) or through the Blue Book ([www.producebluebook.com](http://www.producebluebook.com)). There may be a fee for credit-check services.
- ★ Written contracts are preferred, but not standard. However, it's always a good idea to have some type of written agreement with the broker outlining price, volume, time period, and whether the broker is purchasing the product from you or only negotiating a sale. These documents are critical to protecting both parties if anything goes wrong.

## Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 400+ publications and databases. Phone 800-346-9140. [www.attra.ncat.org](http://www.attra.ncat.org)
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  - *Post-Harvest Handling for Fruits and Vegetables* (2000)
  - *New Markets for Your Crops* (2008) (English & Spanish)
  - ATTRA website's Marketing, Business and Risk Management section: [www.attra.ncat.org/marketing.html](http://www.attra.ncat.org/marketing.html)
- **The Packer** is a weekly newspaper covering fruit and vegetable news, produce shipping, distribution, packing, marketing, and trends in fresh produce in North America. [www.thepacker.com](http://www.thepacker.com)
- **Wholesale Success: A Farmers Guide to Selling, Post Harvest Handling, and Packing Produce** is a 255-page manual for the produce wholesale industry. It covers food safety, post-harvest handling, packing and grading standards, fulfilling orders, record keeping, billing, and building relationships. The manual includes harvesting, cooling, storing, and packing information for 103 different fruits and vegetables. Phone 708-763-9920. [www.familyfarmed.org/wholesale-success](http://www.familyfarmed.org/wholesale-success)
- **AMS Fresh Fruit, Vegetable, Nut, and Specialty Crop Grade Standards** lists the U.S. Agricultural Marketing Service grade (quality) standards for each fruit, vegetable and nut sold as commodities. <http://tinyurl.com/ams-grade-standards>
- **Food Safety and Liability Insurance for Small-Scale and Limited Resource Farmers** gives a brief overview of food safety and liability insurance. Published by the Community Food Security Coalition. [www.foodsecurity.org/insurance.htm](http://www.foodsecurity.org/insurance.htm)
- **Como Proteger Su Negocio Agrícola y Producir Alimentos Seguros en Su Granja** is a Spanish audio version of the Food Safety and Liability Insurance brochure above. From the Community Food Security Coalition website, you can click on the link to listen to the mp3 version on your computer, or you can request a CD of this recording by contacting: [publications@foodsecurity.org](mailto:publications@foodsecurity.org), or (503) 954-2970. [www.foodsecurity.org/insurance.htm](http://www.foodsecurity.org/insurance.htm)
- **USDA Terminal Market Report** lists current wholesale prices online at <http://tinyurl.com/3znaeuf>
- **Rodale Institute Organic Price Report** can be configured to show organic only or to compare organic and conventional wholesale prices at the current market rates. Prices of fruit, vegetables and grains are listed for six different wholesale terminals across the U.S. [www.rodaleinstitute.org/Organic-Price-Report](http://www.rodaleinstitute.org/Organic-Price-Report)
- **UC Davis Small Farm Program's Wholesale Market Resources** explain wholesale buyers and terminal markets: <http://sfp.ucdavis.edu/pubs/sfnews/Archive/93052.htm> and <http://sfp.ucdavis.edu/pubs/sfnews/archive/92091.htm>

**This tip sheet was developed with assistance from Dina Izzo, Bludog Organic Produce Services, and Bob Corshen, Community Alliance with Family Farmers.**

The development of this material was supported through USDA/NIFA/OASDFR  
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United States Department of Agriculture  
National Institute of Food and Agriculture

### Tips for Selling to Produce Brokers

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By Marisa Alcorta, Rex Dufour and Tammy Hinman

Production: Karen Van Epen

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IP 436, Slot 437, Version 011013

# Tips for Selling to: Produce Distributors

NCAT Marketing Tip Sheet Series

Produce distributors are businesses that aggregate product and resell it in small or large quantities to their customers. Distributors may be an individual with a van or a company with a fleet of eighteen-wheelers. A distributor's primary relationship is purchasing directly from farmers, although distributors can also buy from brokers or packing houses.

Distributors sell to a range of customers, from individual restaurants to institutions such as hospitals and schools. Since local food has come into higher demand, some distributors have made the effort to focus their business on providing local produce to their customers.

## Advantages

★ key point

- Distributors can handle large volumes of product.
- Distributors can contract for a particular product for the whole season.
- Farm product identity could be retained in this wholesale market if the distributor focuses on local products.

## Considerations

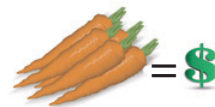
- While you can sell a larger quantity, expect a lower price per unit.
- Distributors typically pay in 30 days. You must determine how that will affect your cash flow.
- Distributors have USDA standard pack and grade requirements that you will need to follow, which include clean, new boxes.
- Selling to distributors requires a well organized invoicing and recordkeeping system.

## Tips

- ★ **Contact the distributor to see what products they are looking for as well as volume, price, pack and grade preferences, delivery or pickup schedule, and liability insurance and GAPs (Good Agricultural Practices) requirements.**
- Ensure quality with proper cooling and post-harvest handling. Ask what requirements your buyer has.
- Consider specialty products that may bring a higher price, such as green garlic, squash blossoms, or pea tendrils that are variations on conventional items.
- When you deliver, always bring two copies of an invoice, one for your customer and one for you. Both should be signed at the time of delivery, providing proof that quality and quantity are accurate.

*For this market you can expect:*

- Higher volume of product
- Lower prices per unit



Earl's Organic Produce, San Francisco. Photo: Rex Dufour, NCAT.



## Key Questions to Ask Yourself about Selling to Produce Distributors

- How do these buyers want produce packed and delivered?  
What quantities do they want, and how often?
- Do I have liability insurance or a GAPs plan?  
Do these buyers require either of these items, and how much coverage do I need to have?

## Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. Phone 800-346-9140. [www.attra.ncat.org](http://www.attra.ncat.org)
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  - *Scheduling Vegetable Plantings for Continuous Harvest* (2008) (English or Spanish)
  - *Season Extension Techniques for Market Gardeners* (2005) (English or Spanish)
- *The Packer* is a weekly newspaper covering fruit and vegetable news, produce shipping, distribution, packing, marketing, and trends in fresh produce in North America. An annual produce and availability merchandising guide has a list of buyers by commodity and their states and cities. [www.thepacker.com](http://www.thepacker.com)
- *Wholesale Success: A Farmers Guide to Selling, Post Harvest Handling, and Packing Produce* is a 255-page manual for the produce wholesale industry. It covers food safety, post-harvest handling, packing and grading standards, fulfilling orders, record keeping, billing, and building relationships. The manual includes harvesting, cooling, storing, and packing information for 103 different fruits and vegetables. Phone 708-763-9920. [www.familyfarmed.org/wholesale-success](http://www.familyfarmed.org/wholesale-success)
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- *Food Safety and Liability Insurance for Small-Scale and Limited Resource Farmers* gives a brief overview of food safety and liability insurance. From the Community Food Security Coalition, in English or Spanish. [www.foodsecurity.org/insurance.htm](http://www.foodsecurity.org/insurance.htm)
- **Como Proteger Su Negocio Agrícola y Producir Alimentos Seguros en Su Granja** is a Spanish [audio](#) version of the Food Safety and Liability Insurance brochure mentioned above. On the Community Food Security Coalition website, you can click on the link to listen to the mp3 version on your computer. You can request a CD of this recording by contacting [publications@foodsecurity.org](mailto:publications@foodsecurity.org), (503) 954-2970. [www.foodsecurity.org/insurance.htm](http://www.foodsecurity.org/insurance.htm)
- **USDA Terminal Market Report** lists current wholesale prices online at <http://tinyurl.com/3znaeuf>
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- **UC Davis Small Farm Program Wholesale Market Resources** explain wholesale buyers and terminal markets: <http://sfp.ucdavis.edu/pubs/sfnews/Archive/93052.htm> and <http://sfp.ucdavis.edu/pubs/sfnews/archive/92091.htm>

*This tip sheet was developed with the assistance of Dina Izzo, Bludog Organic Produce Services, and Bob Corshen, Community Alliance with Family Farmers.*

The development of this material was supported through USDA/NIFA/OASDFR  
[www.outreach.usda.gov/oasdr](http://www.outreach.usda.gov/oasdr)



### Tips for Selling to Produce Distributors

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By Marisa Alcorta, Rex Dufour and Tammy Hinman

Production: Karen Van Epen

Find this on the Internet at [www.attra.ncat.org/marketing.html](http://www.attra.ncat.org/marketing.html)

IP 431, Slot 431, Version 122612

# Tips for Selling to: Produce Packing Houses

NCAT Marketing Tip Sheet Series

Produce packing houses are large-scale businesses that buy produce from growers through a contract and then re-sell it on the open market. They sell very large quantities. Packing houses can also own land, renting plots to farmers to grow specifically for them, and sometimes supplying seed, inputs and packaging. They have invested in equipment such as coolers and fumigators, so they have the ability to store large amounts of product.

Packing houses never own the product once they receive it, therefore the price the farmer receives is based on what it sells for at the end of the chain. Some packing houses are cooperatively owned by farmers.

## Advantages

★ *key point*

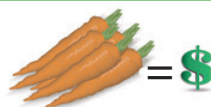
- Packing houses can provide land, seed, inputs, labor, and packaging.
- Working with a packing house allows farmers to focus on production rather than sales.
- Farmers don't have to invest in packing and washing equipment or storage facilities, because the packing house will provide those services for a fee.

## Considerations

- ★ Packing houses are considered by experts in the industry to be the most risky for farmers for many reasons. One potential problem is that the product goes through many hands, and the price a farmer gets at the end is based on the quality of the product, which may have had time to degrade.
- Some contracts with packing houses can limit participation in other market channels.
- Packing houses will quote you a price when you deliver the product, but it is not guaranteed. The farmer will get paid a percentage of the price the packing house receives for the sale.
- Some packing houses may sell seed, inputs and packaging at a marked-up price to farmers.
- ★ Many farmers in this system are unable to reach a profit, since the costs of growing the product are often more than they receive after the packing house sells it.

*For this market you can expect:*

- Higher volume of product
- Lower prices per unit



Packing bell peppers. [www.ceriverside.ucdavis.edu](http://www.ceriverside.ucdavis.edu)

## Key Questions to Ask Yourself

- Am I comfortable with the risks (explained above) of selling my product to a packing house?
- Have I confirmed that other growers I know are making a profit and have a good relationship with this packing house?
- Am I able to understand the commitments I'm agreeing to, outlined in the contract I will sign? Have I found someone to translate it for me if necessary?
- Do I have a cushion of savings in case the money I owe the packing house is more than I will make from my sales?



# Tips for Selling to Produce Packing Houses

★ key points

- ★ Ask other farmers about the reputation of the packing house before you work with them.
- ★ Packing houses always have a contract. Be sure that you understand it, keep a copy, and have someone translate it for you if necessary.
- If there is a concern about product quality, get a third-party quality inspection. For a fee you can have your produce inspected by the Agricultural Marketing Service (AMS) before you deliver it to the packing house. See the Resources section below.
- ★ Request a written receipt when you drop off your product. Make sure the person who takes your boxes signs the receipt and prints their name legibly. A receipt should include what you sold, the weight or number of boxes, the date it was delivered, and the quality grade. Reconsider doing business with a packing house that will not give you a receipt.
- Depending on one market can be risky. Consider investigating other market channels. See other Marketing Tip Sheets in this series.

## Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. Phone 800-346-9140. [www.attra.ncat.org](http://www.attra.ncat.org)
  - *Illustrated Guide to Growing Safe Produce on Your Farm: GAPs* (2011) (English or Spanish)
  - *Post-Harvest Handling for Fruits and Vegetables* (2000) — *New Markets for Your Crops* (2008) (English or Spanish)
  - ATTRA website's Marketing, Business and Risk Management section: [www.attra.ncat.org/marketing.html](http://www.attra.ncat.org/marketing.html)
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- **AMS Fresh Fruit, Vegetable, Nut and Specialty Crop Grade Standards** lists the U.S. Agricultural Marketing Service grade (quality) standards for fruit, vegetables and nuts sold as commodities. <http://tinyurl.com/ams-grade-standards>
- **AMS Inspection Service** will inspect your produce and certify its grade of quality before you sell it. On their website, click on "Request an Inspection/Contact an Office" on the right column. <http://tinyurl.com/ams-inspection-service>
- *Food Safety and Liability Insurance for Small-Scale and Limited Resource Farmers* gives a brief overview of food safety and liability insurance in English and Spanish. This is also available as a Spanish audio version in mp3 or CD format. Contact [publications@foodsecurity.org](mailto:publications@foodsecurity.org), (503) 954-2970. [www.foodsecurity.org/insurance.htm](http://www.foodsecurity.org/insurance.htm).
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### Tips for Selling to Produce Packing Houses

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By Marisa Alcorta, Rex Dufour and Tammy Hinman

Production: Karen Van Epen

Find this on the Internet at [www.attra.ncat.org/marketing.html](http://www.attra.ncat.org/marketing.html)

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# Tips for Selling to: Wholesale Buyers at Terminal Markets

NCAT Marketing Tip Sheet Series

Wholesale buyers are typically located in permanent stalls at a terminal market. Terminal markets are central sites, often in a metropolitan area, that serve as an assembly and trading place for agricultural commodities. Wholesale buyers will purchase products from farmers, brokers, or packing houses in large quantities, and resell it

into the open marketplace. Prices of products, cooling considerations, and time of delivery are all negotiated before farmers bring their products to the docks.

## Advantages

★ key point

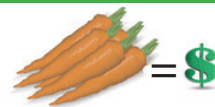
- Buyers can handle large deliveries of produce.
- Generally, pre-negotiated prices are more stable with wholesale buyers, however prices are not guaranteed.

## Considerations

- You can sell a larger quantity, but expect a lower price per unit.
- ★ Wholesale buyers typically pay within 30 days. You must determine how this will affect your cash flow.
- Farmers can set the price, but the buyer must agree to it. Farmers must have a good idea of what the going prices are in the wholesale market. See fifth Tip, next page.
- Farmers must meet packing and grading standards.
- ★ Consider your wholesale buyer's post-harvest requirements and whether product must be delivered in a refrigerated truck.
- Selling to a wholesale buyer requires a well organized invoicing and recordkeeping system.

For this market you can expect:

- Higher volume of product
- Lower prices per unit



## Key Questions to Ask Yourself

- How far away is the nearest terminal market?
- Do I want to put the effort into establishing relationships with the buyers? Would I rather go through a broker?
- How do the buyers at terminal markets want produce packed and delivered?
- How much volume is needed to supply wholesale buyers?
- ★ Do my profits cover the cost of production, gasoline and labor?



Photo: Loading docks at a terminal market, [www.oaklandnorth.net](http://www.oaklandnorth.net)



# Tips for Selling to Wholesale Buyers at Terminal Markets

★ key points

- ★ Visit a terminal market to get an idea of how it works and learn about the competition. To talk to a wholesale buyer and show them your produce, visit after 6 or 7 a.m. To see the market operating at busy times, visit around 3 or 4 a.m.
- Terminal markets are typically open from 11 p.m. to 12 noon. To sell a product, farmers must deliver to the terminal market late at night or very early in the morning. Most deliveries take place between 11 p.m. and 4 a.m. Buyers begin arriving at 5 a.m. to purchase products.
- ★ Identify and contact wholesale buyers before you try to sell to them. Farmers can get higher prices through established relationships, for higher quality products, and for unique or specialty products in high demand.
- If this will be a regular market channel, plan to bring them product on a regular basis. Consistency and quality are keys to success in this market.
- ★ Check the USDA Terminal Market Reports (available online at <http://tinyurl.com/3znaeuf>) for prices on your product before you try to negotiate with a wholesale buyer.
- ★ Ensure high quality by using good pre-cooling and post-harvest practices.
- ★ Don't use this channel if you have less than 50 to 100 boxes of each item. Wholesale buyers only purchase large quantities.

## Resources

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