



## DIRECT MARKETING STRATEGIES

# RETAIL & RESTAURANT SALES

National and statewide interest in local and specialty foods continues to rise, and retailers want those products on their shelves. Farm to table restaurants are also gaining popularity, and increasing numbers of chefs are interested in working with farmers and ranchers to source fresh, local and high quality ingredients for their menus and signature dishes. These outlets can be the source of major sales for direct marketing operations. This type of direct marketing is considered intermediated as opposed to "Direct to Consumer" since both operations are reselling your products.

### RETAIL

If you are interested in approaching retail stores about supplying products, a good place to start would be cooperatives or independently owned grocery stores. These businesses often have more freedom to purchase from local growers and ranchers. Selling at conventional stores often means jumping additional hurdles, and may include required regional or national certifications, capacity to handle larger volume of product production, and distribution support. By starting with a smaller retailer with a clear commitment to the local community and/or locally produced products it will also allow the producer to analyze these barriers, gauge capacity, and establish personal operational goals.

Grocery stores, distributors, and brokers will need you to identify the estimated quantity of product you can provide and number of weeks or months of the year you can provide it. Most American shoppers are used to having any product available at any time throughout the year and many do not understand the seasonality of locally grown and raised products. While all retailers need to meet the needs of their customers, many smaller, more local-food oriented retailers have the abili-

ty to highlight local, seasonal products and work with producers to manage seasonal product sales. Approach the department/category manager in charge of your product type (produce, cheese, dairy, meat, etc.) with a clear idea of the quantity you will have available to sell, the seasonal duration, as well as a wholesale price sheet. If you request to meet in person, come with a few samples of your high-quality items. Grocery stores will be reselling the products you provide, so they will be interested in only the most high-quality products and less likely to purchase unusual varieties that might not sell in a timely manner.

### RESTAURANTS

Similarly to scouting for retail stores, the best restaurants to approach will be those that already have a farm-to-table aspect to their business. Independently owned restaurants, and those that focus on seasonal, high quality food are most likely to be interested in working with local producers. Unlike grocery stores, chefs are more likely to appreciate unusual varieties and may make use of "seconds." If a chef or manager is unable to meet your needed prices for premium products, selling your seconds may be a viable option that works for both of you.

If you are interested in selling to a local restaurant, you'll want to approach the head chef or the general manager. There is a good chance this person is shopping at the farmers markets in your area, so you may already have a working relationship with them. Be sure you always call, make deliveries, and schedule meetings during their slow hours! If you come in during a mealtime wanting to chat, expect to be turned away.

Consider offering samples of products you'll have in the coming weeks for the chefs to experiment with and entice them to purchase. If you grow

something really unusual, including sample recipes can be helpful for garnering a chef's interest in the product. As your relationship with the chef deepens, offer a pre-season planning meeting with them to determine what products and quantities they might like from you. Establishing a relationship like this means guaranteeing sales for you, and supply for them. Should the chef ever leave the restaurant you are working with, try to establish sales at their new location, and work quickly to introduce yourself to their replacement.

## **BEST PRACTICES**

When working with either type of establishment, there are some best practices to maintain and grow that relationship.

### *Provide Proof*

When meeting with a new contact at a retail establishment or a restaurant, bring proof of your existing certificates. Some grocery stores require a third-party inspection of producers known as a "food safety audit." When approaching a grocer, bring copies of your food safety plans to assure them you're following Good Agricultural Practices. (See *Fact Sheet 5.8 Good Agricultural Practices for more information*). Pictures or information about your farm or ranch can help assure the buyers that you are what you claim.

### *Be Consistent*

The more consistent you can be in every aspect of your interactions, the more reliable you will seem. Ask early on in your relationship what the best time is to call or make deliveries and stick to it. Deliver on consistent days. Reach out to your contacts via a consistent method, whether that be email, calling, or texting, and at regular intervals.

### *Be Knowledgeable*

Before contacting the retail store or restaurant, know exactly what you'll have the following week and how much of it. Know what price you want and how to measure it (by head, by weight, by box,

etc.) and be ready to do calculations to quote them the price if they measure differently. If there is any point you would offer discounts, be aware of what would trigger that.

### *Deliver Quality*

Be consistent in the quality of your product. Be prepared to replace any products that do not meet their standards, and do not vary from your own standards to fill an order. Provide excellent customer service and be sure to ask when the best delivery times/days are and discuss delivery details such as entrances to use, where to place product, and who to confirm deliveries with onsite.

### *Packaging*

Ask what type of packaging works best for the operation you are selling to and stick to it. Label the boxes with your business name, the product inside, and the quantity or weight of the product. Many establishments would be pleased to send plastic delivery boxes or reusable packaging back with you if you ask about it. If you are requesting the return of delivery or packaging materials, have a plan for cleaning and sanitizing before reuse.

### *Payments*

It is important to discuss invoicing and payment arrangements before beginning to deliver products. Create invoices for each order and include a copy with your delivery. Most retail or restaurants will not pay on delivery. Professional invoices make a better impression and may be required. Always make sure to include your business name, the order date, and quantity or product they requested. Keep copies for yourself and develop a plan for following up if they are not paid within the month.

## **DISTRIBUTORS & BROKERS**

Many larger grocery store chains are interested in sourcing local products for their stores. Distributing to multiple stores in an area can be a logistical challenge, however, and the retailer may prefer to order local products from a distributor. Distribu-

tors can consolidate local products from multiple growers to create sufficient volumes to serve larger chains, provide delivery services and may do in-store merchandising to promote local products. To expand your sales to the retail market, you may want to consider selling to a distributor in your area.

Distributors can also play an important role in reaching local restaurants. Some chefs want to include local ingredients but do not have the capacity to manage ordering and distribution with multiple farmers, ranchers or food crafters. They may want the convenience of buying from a distributor where they can buy multiple local products all in one place.

While self distribution is acceptable at many independent retailers and restaurants, often all restaurants and retailers encourage category buyers and chefs to purchase through distributor partners for ease of access to product and a consistent stocking schedule. Distribution does come with additional costs and certification requirements, but also can open the door to other retail and restaurant sale outlets if you desire to scale your operation further.

Independent, regional, and national food brokers are an additional resource in helping food producers scale their product into new retail sale outlets. Depending on the size of the broker/brokerage some may operate only on commission, where others come with additional fees and services, others offering in-store sampling, product merchandising, product check-ins, small scale distribution, and food show/expo representation. Brokers specialize in leveraging their retail and distributor connections to elevate a brand into new markets depending on the food producer's desired goals.

## **RELATED FACT SHEETS IN OTHER CHAPTERS:**

*5.2 Food Safety Modernization Act*

*5.6 Produce Safety Rule*

*5.8 Good Agricultural Practices*