



Selling to Retail Grocers and Restaurants in Idaho

**Your Small Farm
2018 Webinar Series**
March 12, 2018





Your Small Farm 2018 Webinar

Tonight's Presenter



Colette DePhelps
Community Food Systems
University of Idaho Extension



Q&A Moderator
Marci Miller
Education Director, Rural Roots, Inc.








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Webinar Tips

- Close all other programs running on your computer
- Check your sound – problems with clarity, speed, etc. switch to the phone
 - Call-in number provided in the welcome email
 - Mute computer sound when using phone
- **Type in questions for speakers** (or for help with viewing & sound) **into question box**
- Handouts are available to download on your computer

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Tonight's Focus

What does it take to be successful in a retail market?

Retail Grocers & Restaurants

- Are you producing products they want?
- Can you sell them at a price they will pay and still make money?
- How do you find out?







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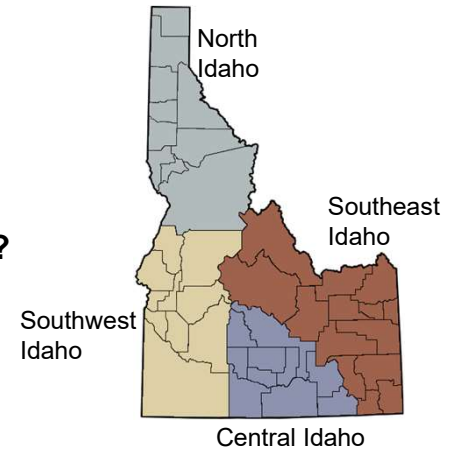
Poll #1

Who is in the audience tonight?



Poll #2

Where are you located?



To be successful, it's important to

Know Your Customer

Retail Grocers & Restaurants

Values Driving Local Purchasing

Needs Affecting Purchasing

Best Practices for Selling to Intermediated Markets

Researching & Assessing Your Market



Researching Your Market

Primary data is data you collect yourself

- phoning, visiting, and surveying your target market

Secondary data is research that has already been collected

- informs your primary research
- does not replace your primary research

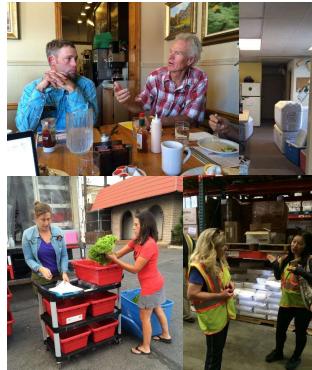


2015-2016

Market Research

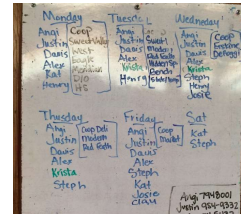
In-Depth Interviews

- Small farmers
- Distributors
- Restaurants
- Retail grocers



What are the **Opportunities & Challenges** for selling to restaurants and retail grocers in Idaho?

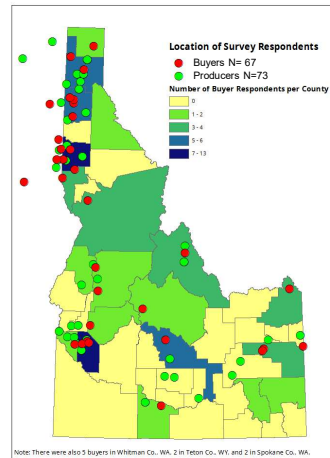
Producer Interviews



| OPPORTUNITIES | CHALLENGES |
|--|---|
| Demand for local & regional products including specialty items | Wholesale prices too low (both when selling through a distributor & selling direct to buyers) |
| Meeting the demands of fewer customers | Supply – quantity & sometimes quality (grading, maintaining the cold chain) |
| Larger accounts, less travel & time marketing (especially when selling to/through a distributor) | Packaging requirements of retailers |
| Ability to capture economy of scale in production | Connecting with buyers and establishing relationships |
| | Dependence on other producers |

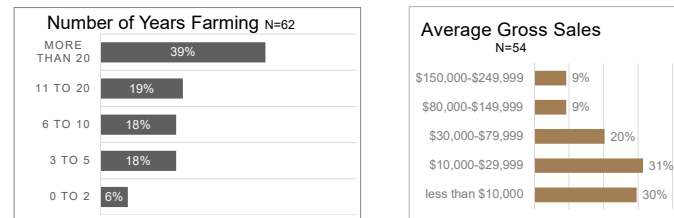
2015-2016 Producer Survey

Location of Respondents



2015-2016

Idaho Producer Survey



Producer Survey

Sales Outlets

- On-site (e.g., farm stand, U-pick) (75%)
- Farmers' market (64%)
- Internet or online market (60%)
- Restaurant or caterer (45%)
- Food Co-op/Cooperative grocery store (39%)

Producers Interest in Increasing the Quantity or Variety of Products Sold to Local Restaurants and/or Retailers N=65

86%

■ Yes ■ No

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Producers Top 6 Challenges

- Inability to produce large enough quantity (48%)
- Lack of a predictable/dependable market (41%)
- Inadequate knowledge of restaurant/retailers purchasing practices (40%)
- Inability to supply products year round (38%)
- Inadequate time for marketing (38%)
- Lack of efficient/affordable distribution system for small/medium farms (37%)

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Retail Grocer Interviews

| OPPORTUNITIES | CHALLENGES |
|---|--|
| Customers want to buy local produce, dairy, meats & value-added products | Supply – seasonality, quantity, sometimes quality |
| In-season specials are fairly easy to manage | Working with multiple producers & distributors |
| Strong market demand for local & sustainable | Price – often producer and co-op distributor prices are too high |
| Interested in working with local & regional distributors to purchase local products | Consumer price points vary by community |
| | Local ordering & delivery systems / processes are not convenient |

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Restaurant Interviews

| OPPORTUNITIES | CHALLENGES |
|--|---|
| Customers want local items on the menu & value farm identity | Supply – quantity, sometimes quality |
| Can utilize smaller quantities of product for specials &/or specific menu items | Working with multiple producers takes a lot of time |
| Value personal relationships with producers | Some producers are not easy to work with |
| Many can be flexible when errors in orders occur, product size &/or with volumes available | Price – often producer and co-op distributor prices are too high |
| | Hard to count on enough quantity for regular menu items – financial risk is greater |

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Location of Buyer Respondents

Counties with a "Visible Local Food Scene"

- Latah
- Bonner
- Kootenai
- Ada
- Blaine
- Whitman
- Spokane
- Columbia

| | Respondents | % |
|-----------------------|-------------|-----|
| "Visible" Counties | 36 | 54% |
| "Less Visible" County | 31 | 46% |
| TOTAL | 67 | |

Note: There were also 3 buyers in Whitman Co., WA, 2 in Teton Co., WY, and 2 in Spokane Co., WA.

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Convenience sample

Restaurant & Retail Buyer Survey

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Buyer Survey

Who Completed the Survey

| Retailer Type | "Visible" counties | "Less visible" counties |
|-------------------------|--------------------|-------------------------|
| Restaurant | 22 | 22 |
| Non-conventional Retail | 11 | 4 |
| Conventional Retail | 3 | 5 |

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Buyer Survey

Local Food Purchasing

Percent of buyers who said they purchased local food products in 2014, by county type

| County Type | Yes (%) | No (%) |
|--------------------------------|---------|--------|
| "Visible" counties (n=33) | 97% | 3% |
| "Less Visible" counties (n=27) | 93% | 7% |

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Poll #3

What % of buyers wanted to increase the **quantity** of local products they purchase?



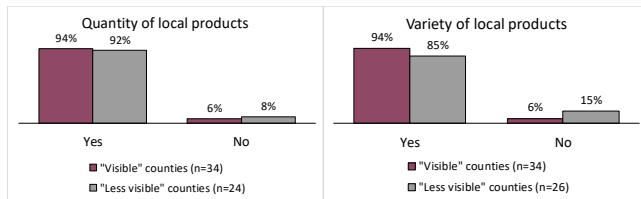
Poll #4

What % of buyers wanted to increase **variety** of local products they purchase?



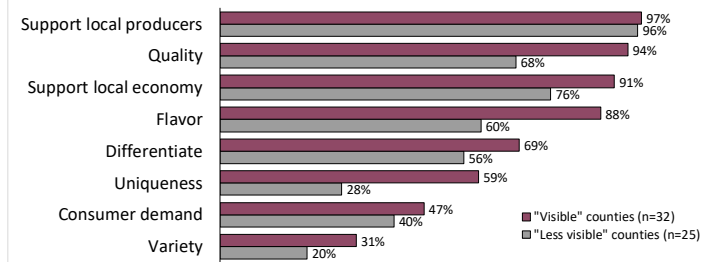
Buyer Survey

Restaurants & Retailers are interested in increasing...



Buyer Survey

Motivations



Buyer Survey

What characteristics are important to buyers?

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Buyer Survey

Local & regional

| Importance | "Visible" counties (n=32) | "Less visible" counties (n=23) |
|--------------------|---------------------------|--------------------------------|
| Very important | 44% | 39% |
| Somewhat important | 50% | 48% |

| Importance | "Visible" counties (n=32) | "Less visible" counties (n=23) |
|--------------------|---------------------------|--------------------------------|
| Very important | 41% | 43% |
| Somewhat important | 47% | 43% |

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Importance of Select Product Characteristics to Buyers

Legend: Very important, Somewhat important, Neither important nor unimportant, Somewhat or Very Unimportant

| Characteristic (N) | Very important | Somewhat important | Neither important nor unimportant | Somewhat or Very Unimportant |
|--|----------------|--------------------|-----------------------------------|------------------------------|
| ANTIBIOTIC FREE (N=55) | 58% | 20% | 18% | 4% |
| NON-GENETICALLY MODIFIED ORGANISM (GMO) (N=55) | 55% | 16% | 21% | 7% |
| PESTICIDE FREE (N=56) | 48% | 29% | 20% | 4% |
| FREE RANGE (N=54) | 43% | 33% | 17% | 7% |
| REGIONALLY GROWN (I.E., 100-400 MILES) (N=55) | 42% | 45% | 9% | 4% |
| LOCALLY GROWN (I.E., W/IN 100 MILES) (N=55) | 42% | 49% | 7% | 2% |
| HUMANE ANIMAL TREATMENT (N=54) | 41% | 26% | 30% | 4% |
| GRASS FED (N=54) | 30% | 37% | 22% | 11% |
| CERTIFIED NATURALLY GROWN (N=54) | 28% | 33% | 26% | 13% |
| CERTIFIED ORGANIC (N=55) | 9% | 51% | 29% | 11% |

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Buyer Survey

Certified Organic & GMO

| Product Type | Very important | Somewhat important | Neither important nor unimportant | Somewhat unimportant | Very unimportant |
|--------------------------|----------------|--------------------|-----------------------------------|----------------------|------------------|
| Certified organic (n=32) | 16% | 59% | 16% | 8% | 6% |
| Non-GMO (n=33) | 64% | 15% | 12% | 8% | 6% |

| Product Type | Very important | Somewhat important | Neither important nor unimportant | Somewhat unimportant | Very unimportant |
|--------------------------|----------------|--------------------|-----------------------------------|----------------------|------------------|
| Certified organic (n=23) | 39% | 48% | 4% | 9% | 0% |
| Non-GMO (n=23) | 43% | 17% | 35% | 4% | 0% |

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Handout

Important Characteristics and motivations

- What surprises you?
- How would you use this information to prepare for a conversation with a potential buyer?

Why aren't they buying?

"They say they want local, but they don't buy much."

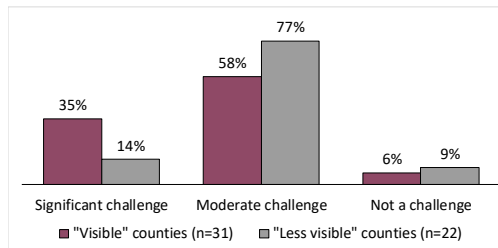
"I have great products – better than anything they could get from a distributor."

"They don't want to pay what my product is worth."



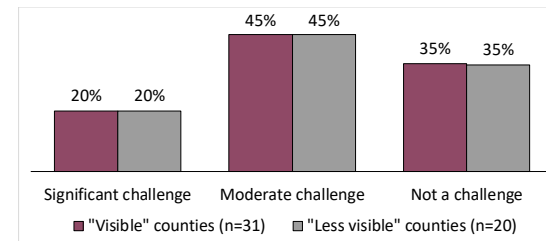
• Challenges

Price



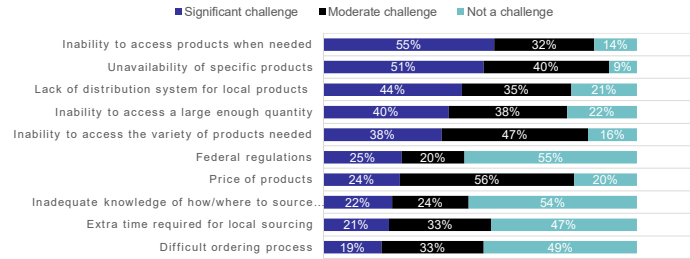
• Challenges

Extra time required

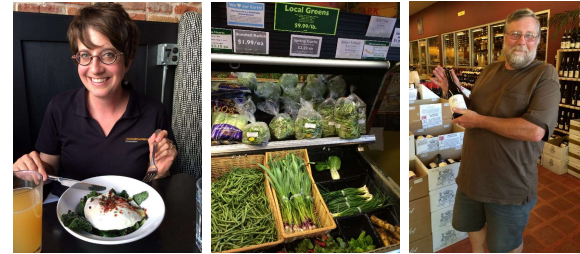


• Buying Local

Top 10 Challenges



Who is your customer?



Who are your competitors?



YOU CAN'T COMPETE ON PRICE

Your *uniqueness* is your only source of profitability that cannot be competed away, and thus, is the only source of sustainable profits.

- John Ikerd *

*Professor Emeritus of Agricultural & Applied Economics, University of Missouri Columbia

How Buyers Say to

Increase your Sales

- Increase quantity & variety of products
- Maintain quality
- Be reliable
- Show commitment to buyers' profitability
- Provide convenience
- Be consistent



Best practices

Emphasize Quality & Quantity

- Harvest & Post harvest practices
- Food Safety – have a plan & follow it
- 100% money back guarantee, no questions asked
- Learn the minimum & maximum quantities your market needs



Best Practices

Reliability, Consistency, Convenience

- Don't promise what you can't deliver
- Be consistent in quality, communication, timeliness
- Ask what works best for your customer
- Provide samples, bonus items



Best Practices

Commit to their Profitability

Restaurant & Grocery margins are slim – they can't afford to pay retail prices

Their customers are price & quality sensitive



Farm to Fork

Create Value-Chains

- Everyone receives a fair return on their investment
- Sharing profits
- Commitment to the relationship



Possible next steps

1. Conduct your own market research
2. Analyze & know your price points
3. Build relationships
4. Grow for your market

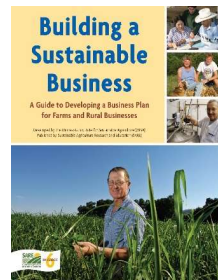


Market Assessment & Business Planning

Farming Alternatives: A Guide to Evaluating the Feasibility of New Farm-based Enterprises, Nancy Grudens Schuck et. al. Cornell University

Fearless Farm Finances: Farm Financial Management Demystified, Midwest Organic and Sustainable Education Service (MOSES)

The Organic Farmer's Business Handbook: A Complete Guide to Managing Finances, Crops and Staff – and Making a Profit, w/ companion CD, Richard Wiswall



<http://www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business>

Wholesale & Legal Resources



- Working with Wholesale Buyers
- Post Harvest Handling
- Maintaining the Cold Chain
- Cleaning & Drying
- Packing & Grading
- Food Safety Best Practices

www.familyfarmed.org



- Contracts
- Liability insurance
- Business entities
- Food safety risk management
- Labor

www.farmcommons.org

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sustainable small farms education

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Increasing the number and success of small farmers and ranchers in Idaho.

The vision of the Cultivating Success™ program is to increase producer and consumer understanding, value, and support of sustainable local farming systems in Idaho through educational and experiential opportunities. Partners in this program strive to create strong communities with infrastructures that provide the resources and skills needed to produce local and sustainable food and agricultural products for the residents of the Inland Northwest.

Featured Programs
Winter 2017/2018

- Farmer Mentor Webinar Training
- Is a Small Farm in Your Future?
- 2018 Webinar Series

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2018 Webinar Series

Join our new, free, week-night webinar series designed to help you strengthen and expand your farming business! Pick the webinars that suit your interests. Webinars are scheduled for weeknights from 6 PM – 7:30 PM MST/7 PM – 8:30 PM PST from February – April 2018.
To view the full schedule and register visit:
www.cultivatingsuccess.org/2018webinarseries

Join us for our upcoming webinars!
Next webinar:

Introduction to Idaho Farm Link
Monday, March 19th
6:00-7:30pm PST/7:00-8:30pm MST

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Please take our post-webinar survey!

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