

Agricultural Marketing Report

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- ✓ *There is a potential restaurant market available to farmers.*
- ✓ *Marketing to regional restaurants is an effective way for growers to increase their overall sales.*
- ✓ *Selling to a chef gives the producer insight into what the market trends and interests are in food.*
- ✓ *Forming strong alliances among growers facilitates their development in the marketplace and increases the promotion of their individual farms.*
- ✓ *With basic training and experience, one person can oversee all sales, marketing, and distribution successfully for a group of growers.*

Direct Marketing Agricultural Products to Restaurants: The Case of Colorado Crop to Cuisine¹

By

Katy Pepinsky and Dawn Thilmany²

Chefs truly appreciate fresh local ingredients. In fact, they will almost never turn you away if you bring something picked that morning to their back door. Devout chefs' love of food sends them searching for the best ingredients around to prepare for their clientele. Chefs are some of the best produce customers and most are constantly on the look out for a trust-worthy way to source quality ingredients. What better person than the local farmer to provide the chef in town with great fruit, vegetables, and herbs?

Farmers, who seek to increase profitability through increased personal sales, sell at farmer's markets during the height of production. Farmers' markets are a great direct-marketing tool for producers, but farmers typically can't sell all they have at market. At the end of the farmers' market, many growers pack up leftover produce and have little else to do with it but send it to the compost pile. What grower wouldn't want to sell those items?

Are you a producer, chef, or community member interested in the farmer-to-chef program model? In the case of Colorado Crop to Cuisine, a group of agricultural producers in Fort Collins, Colorado organized themselves in response to recent trends to support local growers by marketing their products to restaurants around town. From this organization, and others around the country, there exists a formula of well-established guidelines that can assist growers marketing to chefs in their vicinity. Given the proper information and organizational commitment to marketing and operation, a group of enthusiastic producers can easily form their own farmer-to-chef program!

¹ Colorado Crop to Cuisine was organized in 2000 in order to provide greater marketing opportunities for a group of Northern Colorado farmers. This fact sheet is based upon the experiences and knowledge of the 2004 Colorado Crop to Cuisine Operations Manager and technical advisor to the group from Colorado State University.

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This fact-sheet is designed to motivate the potential for and give a detailed explanation of a producer-to-chef direct marketing program and provide the basic tools needed in order to start one.

Assessing the potential for your market

Do you live in an area that supports local food? Are people interested in fresh ingredients coming from people they know and trust? Is there an active community that supports farmer's markets, not only as social events, but also with their pocketbooks?

It is important to identify the need for a farmer-to-chef program. Assessing the potential for your market tells you whether there are consumers and chefs in your area that are interested in eating and buying locally.

You can conduct an informal, or formal survey to measure the potential for a farmer to chef program in your area. Ask people questions such as:

- Does the presence of local ingredients on a restaurant menu increase the pleasure of your dining experience?
- Do you look for restaurants in the community that support local farms by purchasing seasonal produce from those growers?
- Are you willing to pay extra to consume local foods in restaurants?
- How much more are you willing to pay? (2 percent, 5 percent more?)
- Do you believe restaurants that use local ingredients have better food?

These are just some examples, and can be modified or elaborated upon, depending on the community and situation.

Finding your "operations manager"

An operations manager (OM) is the person you trust to oversee all aspects of the program. This person should be responsible, well organized, resourceful, and motivated. It helps if this person has experience in either the food industry or agriculture, but is not necessary.

Basic duties of an OM are to:

- Track current produce availability from grower members
 - Solicit orders from chef accounts
 - Assign orders to producers
 - Deliver produce from the growers to the chefs
 - Work to recruit new farmer members and chefs
 - Monitor financial accounts
 - Cooperate with farmers' market board on farmers' market issues
 - Collect payment from the restaurant accounts
- (Colorado Crop to Cuisine 2004)

Hiring an OM should be done carefully, since this person will be the liaison between the grower and the chef.

A similar program in New York State, Farmer to Chef Express (FCX), discusses the importance of their OM:

FCX hired marketing liaison and Saratoga County resident Judith Kleinberg, who oversees the steps of determining the available product from the farms to taking orders from the restaurants. Her role is one of facilitator, public relations specialist and business manager, growing the program's participants from both sides. (Neilson 2004)

Organizing a group of interested farmers

The best way to find an organized group of local farmers is already set up for you! Any farmers' market has a board that can be approached and asked to participate. Depending on the size of the market, the number of producer members can vary. Not all growers who participate in a particular market will want or have the need to participate. Don't let this discourage you. There are always farmers who are interested and who see the program as an exciting new opportunity. Those are the farmers you want to work with!

Organizing your program with a group of growers that come to a specific farmers' market is a great way to start. The growers are already coming into town, on a specific day, at a specific time. This allows for a "pre-determined" pick-up and delivery day for the program that correlates with the dates and times of the market. Adhering to this schedule makes things easier for the grower and the operations manager and minimizes operating costs.

All farmer-members are required to pay a modest non-refundable membership fee. This membership helps to partially defray annual operational expenses and demonstrates a willingness from growers to invest in the operations and activities of the program.

Electing a Board

It is important to give autonomy to the growers who make up the program. By placing them in control of the decisions and the direction of the program, they not only hold the power of the program, but take on a lot of the responsibility as well. They need to elect a president, a vice-president, a secretary, and a treasurer, or some combination of these positions.

You can encourage participants to hold offices by rewarding them with priority in order and account disbursement for their time and commitment.

Establishing a price list and availability

Your product/price list is very important. New vegetables and fruits are always coming into season, as others are finishing up for the year. The last thing you want is for a chef to think something is available and put it on their menu, when you no longer have it. Therefore, it is crucial to update your list every time you deliver to restaurants so that they are aware of what you will have (and not have) the following week.

Creating your availability list is easy! If you create an e-mail list of all the growers, you can communicate easily via the Internet. (CCC uses Yahoo Groups, a free Web hosting and group e-mail server available.) The OM asks, (through CCC) that all the growers e-mail her two days prior to delivery with their availability for the following week. She takes this information and updates the list on her computer. Using *Excel*™ is a great way to organize your list, but it can also be done in *Word*™, or any other word-processing program. (See Figure 1: *An example of Colorado Crop to Cuisine's availability list from the 2004 season.*)

Pricing is a little bit more difficult. Farmers have always had trouble with pricing, and you will probably encounter the same problems when establishing your own list. The produce market is always changing, largely determined by what is coming out of the largest production areas, California and Mexico. If something is in season in California, e.g., peaches; peaches will be cheaper all over the country due to excess availability. If you have access to market prices from a larger distributor, you can always use these to gauge your pricing.

If you do not have access to a larger distributor's list, chefs will usually let you know if you are too high on pricing, and sometimes show you a list that you can use for comparison. You may ask chefs what they would be willing to pay for something, and if the farmer can accommodate that price, sell it for that amount.

Many farmers have already set their own prices for use at the farmers' market and for wholesale accounts. Check with growers to see how much they would like to get for specific products and try to sell them at those amounts. Most farmers know the market in their area, especially if they have been selling at the farmers' market for years. However, make sure to take into account that you are selling to a customer who falls somewhere between a wholesale and retail customer. Most chefs are not willing to pay the full retail amount for a product.

When you are done, make enough copies of the list so that each account receives its own sheet. It is helpful that this list be as user friendly as possible. All of your orders will be placed directly off of this piece of paper.

Getting restaurant accounts established

After you have organized a group of growers, and have an idea of your product line, you are ready to establish relationships with restaurants in town. Making sure you don't do this prematurely is key. Chefs are busy people, who will not be ready to hear from you until you have a set schedule for deliveries, orders, and a list of products and prices (availability list) you can place in their hand. A chef contacted via e-mail or fax rarely responds. Therefore, try to talk to chefs in person, or get them on the phone to place orders and discuss availability.

If you have lived in town for a while, approach restaurants you have frequented. Chefs love to talk to someone who has tried their food, and has an appreciation for what they are trying to do with their menu. Looking over a menu prior to speaking with a chef is a good idea. You can then identify what ingredients they are using, and tell them which of those you have available.

Find out who the chefs are and when they are in. Call first! Schedule an appointment. It is best to talk to chefs between the hours of 9 – 11AM and 2 – 4PM. You do NOT want to call or come by a restaurant during their busiest hours of the day, lunch and dinner. They will not have time for you and will feel bothered by the inconvenience.

If chefs have time for you, they will most likely sit down with you to discuss what you have to offer. This is your moment to shine! Let them know of the great products you have and how their support directly influences the livelihood of agriculture in their state.

Chefs love SAMPLES. If you can coordinate this with some of the growers ahead of time, bring samples with you to your meeting. It makes a difference to *show* them the quality and freshness of what you have available. (See tips for farmers and chefs compiled by the Portland Chapter of the Chef's Collaborative: <http://www.chefscollaborative.org/index.php?name=Farm>.)

Setting up your accounts and bookkeeping

It is important to stay organized in your bookkeeping. The OM can be in charge of all invoicing and collecting of payments, but should report to the elected treasurer at the end of every month with a financial report.

All accounts need to be invoiced for each delivery. All farmers need to receive a purchase order (or invoice) for each sale.

In the case of CCC, the program charges the grower a 15 percent service fee on all sales, which is directly taken off of each invoice. This 15 percent service fee, in addition to the annual membership payment, helps cover operational costs, paying the "personal marketing agent" (OM) who promotes and conducts all sales, bookkeeping, and deliveries for the grower.

All records can be kept easily in an *Excel*™ format, or in a more complete bookkeeping system such as *QuickBooks*™. Invoices and Purchase Orders can be kept in handwritten books (and later recorded), available at any office supply store, or in *QuickBooks*™.

It is recommended that all restaurant accounts pay Cash on Delivery (COD). This makes for the easiest bookkeeping system, and keeps money in your account. If some restaurants need to set up a 15 or 30-day payment system, make sure to account for this in your books.

Growers should be paid regularly. Since the program is set up to provide a “market” to producers, it is important that the growers receive regular compensation for their participation. Try paying producers every two weeks.

Running a program on modest membership fees and 15 percent commission on sales can be challenging financially. Any operation is going to encounter expenses that are unanticipated, and the OM’s wages alone can drain the account if sales are too low. Dawn Thilmany, Agricultural Economics Professor at Colorado State University, states, “There is some evidence that farmer-to-chef distribution systems are feasible if seed money is available to establish the initial market connections, reputation, and operational structure.” (Thilmany 2004) CCC did receive outside funding through the USDA-Federal State Marketing Improvement Program grant in 2001 and 2002.

Sales calls, pick-ups, and deliveries

As stated earlier, coordinating pick-ups and deliveries on the farmers’ market schedule creates a manageable, easily coordinated system. Farmers are already coming to town on these days, and therefore can bring orders that are packed and ready for distribution to restaurants.

Wait until you know your availability before talking to chefs for orders. Once you know what you have and how much it costs, either visit with chefs in person, or call them on the phone. It is recommended that the organization invest in a cellular phone for conducting all business. The OM can be responsible for the phone, using it to make sales calls and coordinate orders with growers. It is also nice to have a cell phone available for the OM so that she/he may promptly address concerns of restaurants and farmers.

Once orders have been collected for the week, they can be e-mailed to all growers via a group e-mail system. Sending them in this format is good for several reasons. By sending one e-mail, all of the orders are public knowledge, and there is less room for arguments over distribution and quantity. Also, grower-members can get an idea of what sales are like week-to-week and what chefs are looking for. Orders should be sent to growers at least two days prior to delivery day, giving farmers time to specially harvest and pack the product. All product should be labeled with the growers name and name of the restaurant. It is also nice to have a harvest date on the product.

Presentation is important. If chefs are receiving something they know has been grown with care and integrity, they are likely to be pleased with it and continue to support that grower’s hard work.

The OM needs to arrive at the farmers’ market for pick-up just as growers are setting up for the day. Avoiding the rush of the market is better for the OM and the farmer!

Deliveries, like other appointments, should be made between the hours of 9 – 11 AM and 2 – 4 PM, to avoid the busy restaurant times of lunch and dinner. You will need to have someone check in the order when you arrive. If everyone is busy when you get there, there will most likely be no one available to check the order, and will annoy the kitchen personnel. In comparison, if you arrive during a restaurant’s downtime, you will probably be able to talk with the chef, gaining feedback, and possibly next week’s order.

Engaging the producer to “brand” their product

One thing that most growers have trouble with is differentiating their product in a world of so many fruit and vegetable producers. Do people go to the grocery store and look specifically for *Honeyacre Produce* tomatoes? Or do they just buy whatever is available or on sale that day? Most people probably buy what is on sale, but wouldn’t it be wonderful if a specific farmer’s products were sought after, in other words, requested for by the consumer in a retail or restaurant setting?

For the producer, offering a product that sets them apart from other farms is very important. This can be achieved by growing something that other producers are not, or by coming up with unique packaging and labeling. Anything positive that could differentiate and allow the consumer to identify a farm's products is encouraged. "Branding" provides the farmer with an increased security that can help the grower in a very cutthroat business in which the majority sells *anonymously* through commodity channels.

The only way to achieve this is to "brand" the product. Getting in to the restaurant market is a great way for growers to reach consumers with a respected, quality product. Some chefs go to the lengths of displaying farm/farmer names on their menus when using local ingredients. This, in effect, is free advertising for the grower.

If a customer in a restaurant eats something they really like, they may mention it to the chef or restaurant staff, thereby encouraging future orders. If the customer learns who the producer is, they could also seek out the grower's products personally, at the farmers' market or in a grocery store.

Dealing with adversity

"Lack of organizational commitment among producers,...and competition from an increasingly concentrated, cost-efficient food system..." are among the continued challenges CCC has faced. (Thilmany 2004)

Thilmany identifies the lack of organizational commitment from growers as an ongoing problem for CCC. The problem requires dedication from board members, producer-members, and chefs to working together in order to create a successful program. When all participants cooperate and make their goals clear, it can truly enhance the program.

In Fort Collins, Colorado, where CCC operates, the program has felt the adverse effects of large, consolidated competitors and poor customer support. Their OM has heard from numerous chefs that customers will not pay 75 cents more for a salad made with local greens, or \$1.00 extra for a dinner plate made with local ingredients. It has become cheaper and more convenient for restaurants to order from one source that can bring them everything from beet greens to toilet paper, at rock-bottom prices, in the same delivery.

In this situation it is important to educate consumers on the importance of a local food supply. Let people know how nutritious and fresh the food is from a farm down the road, and how supporting the people who grow their food locally directly supports the regional farm economy.

The CCC OM believes that passion is the key element needed from *all* participants in order to create a successful program. She notices that the growers and chefs who benefit most from the program are those who take what they do to the next level. One chef told her:

The best food I can get is from those farmers who grow food with zeal and integrity. Opening up a case of fresh product, you can tell just by looking at it whether or not the person producing it was passionate about what they do. Using these products allows me to carry out the passion of the farmer by taking it to the next level, through mindful, creative preparation of that food.

Supply a passionate chef with ingredients grown with equal ardor, and incredible meals result.

A farmer-to-chef program can be extremely successful when organized with the right group of farmers, chefs, operations manager, and community. Strong commitment from all parties involved can make this a sustainable model that creates many opportunities for all. Farmers can find regional, dependable outlets for their products. Chefs can get quality, fresh ingredients for their restaurants. Community members can enjoy wonderful food knowing the farmer who grew it, and the chef who prepared it! It is hard to imagine better food security!

References:

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Figure 1-Colorado Crop to Cuisine Price list

 Colorado Crop to Cuisine Wednesday September 22nd							
ITEM	UNIT	PRICE	1/4LB	1/2LB	1LB	GROWER	NOTES
HERBS							
BASIL	OZ	x	\$4.25	\$6.50	\$12.00	QUAIL RIDGE/OBERLE	<i>Ask about our many varieties</i>
BAY LEAVES	DOZEN	\$2.50				OBERLE BOTANICAL	<i>Fresh</i>
CHIVES	OZ	x	\$5.00	\$7.00	\$10.00	QUAIL RIDGE/OBERLE	
CHIVE BLOSSOMS	CLAMSHELL	\$5.00				OBERLE BOTANICAL	
FLWR HERB BUNDLS	BUNDLE	\$4.00/EA				OBERLE BOTANICAL	SALE!!
GARLIC CHIVES	LB				\$4.50	D & H FARMS	
HORSERADISH	LB				\$15.00	OBERLE BOTANICAL	
LAVENDER	OZ	x	\$5.00	\$9.50	\$15.00	OBERLE BOTANICAL	<i>Foliage & Blooms</i>
LEMON BALM	OZ	x	\$4.00	\$6.00	\$9.25	QUAIL RIDGE/OBERLE	
MINT, PINEAPPLE	OZ	x	\$4.00	\$5.25	\$8.00	OBERLE BOTANICAL	
OREGANO	OZ	x	\$4.00	\$6.00	\$9.25	QUAIL RIDGE/OBERLE	
PARSLEY, CURLY	OZ	x	\$3.00	\$5.00	\$7.00	OBERLE BOTANICAL	SALE!!
SPROUTS							
CRUNCHY BEAN MIX	OZ			\$4.50	\$9.00		
DAIKON RADISH	OZ			\$4.50	\$9.00		
GREENS							
BABY SPRING SALAD MIX	LB	\$6.10				D & H FARMS	
GRAPE LEAVES	DOZEN	\$5.00				QUAIL RIDGE FLOWERS	
LETTUCE, MIXED LOOSE	LB	\$3.10				D & H FARMS	
SPINACH	LB	\$3.10				D & H FARMS	
SPICY MIXED GREENS	LB	\$3.10				D & H FARMS	
VEGETABLES							
BEANS, GREEN	LB				\$3.89	OBERLE/CREEKSIDE	
BEANS, GREEN	1/2 BUSHEL				\$17.25	POPE FARMS	
BEANS, YELLOW WAXED	LB				\$3.89	OBERLE/CREEKSIDE	
BEETS, BABY MIXED	LB				\$4.25	OBERLE BOTANICAL	<i>"Early Wonder" & Chioggia</i>
BEETS, CHIOGGIA	BU	\$1.99				OBERLE BOTANICAL	<i>With Tops</i>
BROCCOLI	LB				\$3.89	CREEKSIDE PRODUCE	
BRUSSEL SPROUTS	LB				\$3.49	CREEKSIDE PRODUCE	
CORN, PEACHES & CREAM	SACK	\$17.25				POPE FARMS	<i>5 Dozen</i>
EGGPLANT, BABY	LB				\$4.50	CREEKSIDE/QUAIL RIDGE	
LEEKs, BABY	DOZEN	\$7.00				OBERLE/EMPRESS	<i>~ 1 LB</i>
PICKLES, SMALL & SLICED	LB				\$2.30	POPE FARMS	
ONIONS, WALA WALA	BUNCH	\$2.00				D & H/CREEKSIDE	<i>Red/White, LARGE</i>
RHUBARB	LB				\$2.05	OBERLE BOTANICAL	
SQUASH, BABY	LB				\$5.75	OBERLE BOTANICAL	<i>Picked with Blossoms</i>
SQUASH, WINTER	BUSHEL				\$23.00	CREEKSIDE PRODUCE	<i>Acorn, Butternut, Delicata</i>
TOMATILLOS	20 LB	\$18.00				OBERLE BOTANICAL	
TOMATOES, 2-LYR	20 LB	\$32.00				HONEYACRE FARMS	<i>Harvested Mon/Thurs AM</i>
TOMATOES, FIELD GROWN	20 LB	\$22.00					
TOMATOES, HEIRLOOM	20 LB	\$32.00				OBERLE/CSU	
TURNIPS, BABY	BUNCH	\$1.99				OBERLE BOTANICAL	
POTATOES							
RED	LB				\$0.89	CREEKSIDE PRODUCE	
RUSSET	LB				\$0.89	CREEKSIDE PRODUCE	
YUKON GOLD	LB				\$0.89	CREEKSIDE PRODUCE	
	50 LB SACK				\$18.40	CREEKSIDE PRODUCE	<i>Any Variety</i>

FRUITS							
APPLES, "GALA"	BUSHEL	\$37.50				C & R FARMS	
	1/2 BUSHEL	\$19.60				C & R FARMS	
APPLES, "GINGER GOLD"	BUSHEL	\$29.90				C & R FARMS	
	1/2 BUSHEL	\$16.60				C & R FARMS	
MELONS	LB					CREEKSIDE PRODUCE	<i>Passport</i>
PEARS, "RED BARTLETT"	25 LB	\$25.90				C & R FARMS	
PEARS, "YELLOW BARTLETT"	25 LB	\$25.90				C & R FARMS	
PLUMS, "BLOOD"	20 LB	\$29.90				C & R FARMS	<i>Red Meat</i>
STRAWBERRIES	FLAT	\$41.40				AMY KAFKA	<i>12 Pints</i>

FLOWERS							
EDIBLE FLOWERS	CLAMSHELL	\$5.00/PINT				QUAIL RIDGE/OBERLE	<i>SALE!!</i>
		\$4.50 / 2+					
LARGE BOUQUET	5 GAL BUCKET	\$30.00				QUAIL RIDGE/OBERLE	
	1/2 BUCKET	\$15.00					
SMALL BOUQUET		\$6.50				QUAIL RIDGE FLOWERS	
LAVENDER BUNCHES	30 STEMS	\$5.00				QUAIL RIDGE/OBERLE	
FLOWERS FOR DRYING	EACH	\$5.00				OBERLE BOTANICAL	<i>statice, Grasses, Globe Amaranth</i>
		\$12 / 3 +					
DRIED BOUQUET		\$6.50				QUAIL RIDGE FLOWERS	
POULTRY							
CHICKEN	WHOLE	\$2.25/LB				D & H FARMS	<i>FROZEN</i>
	HALF	\$2.25/LB					<i>All Natural, Free Range</i>
EGGS	1 DOZEN	\$2.75 EACH				D & H FARMS	
BEEF							
GRASS FED BEEF	LB				\$4.59	HONEYACRE FARMS	<i>Patties, or Loose</i>
VALUE-ADDED PRODUCTS							
APPLE CIDER	1/2 GALLON	\$4.00				ELA FAMILY FARMS	<i>All products are USDA</i>
APPLE SAUCE	24 OZ JAR	\$3.00				ELA FAMILY FARMS	<i>Certified Organic</i>
FRUIT JAM	12 OZ JAR	\$5.25				ELA FAMILY FARMS	<i>by the Colorado Dept</i>
FRUIT BUTTER	12 OZ JAR	\$5.25				ELA FAMILY FARMS	<i>of Agriculture</i>
PEACH OR APPLE NECTAR	22 OZ JAR	\$2.50				ELA FAMILY FARMS	