



# CHAPTER 3

## Intermediate Marketing: Producer to Buyer to Consumer

### SELLING TO INTERMEDIATE BUYERS

Intermediate marketing offers producers a way of selling farm products to a specific buyer for resale. The range of venues available is increasing. Sales to these markets can be attractive because they offer a way to diversify production and market outlets. Buyers include restaurants, grocery stores, institutions, schools and hospitals. You may also sell your products to wholesalers and distributors who, in turn, sell them to retail or institutional outlets.

Opportunities for product promotion through intermediate buyers vary by market. Much depends on your buyer. Providing your buyer with point of sale materials and other promotional items about your product could strengthen your relationship and be beneficial for both of you.

#### Key Steps for Selling to Intermediate Markets

Many farmers find benefits in using both direct marketing and intermediate marketing methods to sell their products. To your right in the green box are some of the different types of markets to consider. Some key steps for successful intermediate marketing are below:

- Identify new buyers
- Conduct outreach through a call, letter and/or email
- Schedule a meeting and begin creating a relationship with a buyer before the growing season starts
- Maintain communication throughout the year
- Develop a buy/sell agreement in a form that both parties can agree upon

#### Types of Intermediate Markets

**Food Retailer:** Any food business that buys food products for resale to the end consumer. Food retailers include restaurants, grocery stores, specialty stores and institutional food services.

**Institutional Food Service:** Institutional-type sales include those to nursing homes, group homes, prisons, schools (including colleges) and hospitals.

**Food Service Management Company:** This for-profit business supplies staff people with catering and restaurant expertise to work on-site at schools, colleges and other institutions, such as corporate campuses, to provide the food offered at these locations to employees, students and clients.

**Distributor:** A distributor is a for-profit business that buys food products from farms or food businesses and sells those products to restaurants, food services, institutions or other retail food businesses.

**Wholesaler:** A wholesaler is a business that may buy food products from farms or food businesses and sells those products to distributors and/or to restaurants, food services, institutions, grocers or other retail food business.

**Collaborative Marketing Groups:** A group of farmers that organizes, formally or informally, to work together on marketing, distribution, and sales.

## Building Buyer Relationships

Pay attention to the details that may help you build a strong, long-term relationship.

### Gauge Interest in Local Food Products

- Does the buyer currently purchase local foods? Have they had success with other local growers? If so, they may be interested in purchasing more local food products.
- If they have not purchased local food before, find out what has sparked their interest to consider it. Are they responding to customer demand, looking for less expensive products or wanting to support the local economy?
- What products are they looking for? What quantities do they require? What price are they willing to pay?

### Outline Benefits of Purchasing Local Food

- Local food can enhance restaurant or store promotional efforts and generate customer interest and loyalty. Consumers are becoming more aware of the wealth of food choices available and the benefits of eating fresh, flavorful, locally sourced food.
- Schools and institutions can help meet goals for providing healthy food choices by sourcing foods locally.
- Local farmers can produce specialty crops not available from the usual distributors which supply restaurants, grocery stores or institutions. Particularly in rural areas, access to foods other than mainstream products is limited.
- Local food can be competitive, if not in price, then in quality.

### Share What Products You Have to Offer

- Provide product samples when possible. In the initial meeting before the growing season, bring samples of your packaging, labels, farm information, in-store or restaurant materials.
- Have your price goals established before approaching the buyer. To learn more about setting prices, read the farmer profiles in this chapter. Refer to page 17 for details on pricing strategies.
- Provide descriptions of products you currently produce. Ask what other products may interest the buyer.
- Prepare a product availability sheet for the buyer to keep as reference.

## Meet with the Buyer, Build a Relationship

One of the most important aspects of the local food movement is creating relationships with your buyers. Find out the name of the chef, department buyer, institutional buyer or distributor, and schedule a meeting. Begin your conversation by determining buyer interest in purchasing local food products and ask questions to find out how you could best work together.

### Asking and Answering Questions

Be prepared to talk about your farm and specific details about your product(s). In addition to your product availability sheet, be prepared to answer or discuss:

- Can you deliver? What day and time?
- Is your delivery refrigerated?
- If not refrigerated, how soon after harvest can you guarantee delivery?
- What time of day and day of week can you deliver?
- Will someone from your farm unload the truck, or does our staff unload the truck?
- Will your delivery driver take a background check?
- Do you have liability insurance?
- Do you have training in post harvest handling?
- Do you have any food safety training or certificates?

Questions to ask a potential buyer:

- What types of produce do you prefer?
- What is your billing process like?
- Do you have a goal for sourcing a certain percentage of your food locally?

### Product Availability Sheets

It is a good idea to bring a product availability sheet, like the example on the next page, to quickly illustrate your product offerings. An informational sheet should cover:

- Quantity of product per week
- Price
- Size and packaging
- Number of weeks product will be available
- Quality standards
- Ordering and delivery schedule

## Follow Up with a Written Agreement

A written agreement between a buyer and seller is the best insurance that both parties understand and meet each other's expectations. These agreements need not be extensive or formal. In many cases, an agreement with a buyer may be verbal. Many transactions proceed on mutual trust alone. Determine your and your buyers' comfort level regarding the use of contracts. Also be sure to cover aspects like license, insurance or certification requirements.

## Continued Communication Throughout the Year

After securing a sale and an agreement with a buyer, it is a good business practice to maintain timely contact by the buyer's preferred communications method(s). Touch base with your buyer throughout the year and as you begin to plan and develop your next production cycle. Ongoing communication will create an atmosphere where you can ask for feedback about the quality of your products and gain insight into future needs.

Understand your buyer's schedule. Many chefs plan their menus several weeks ahead and need a notice about what products will be available. Department buyers also need to know several weeks in advance when your product will be available in order to

discontinue their current product source and allow room for yours. Talk with the buyer about scheduling deliveries. Livestock producers should plan their production schedules around holidays and seasonal events that may require greater quantities or a specialized product.

Buyers typically like a two-week notice when a purchased product is going to be harvested and delivered. Keeping your buyers informed of the current status of your products allows them to anticipate delivery times. This can also provide them time to seek alternative sources for similar products in the event of unanticipated production changes. Most buyers object to the surprise of orders that cannot be filled or delivered on time. They have set schedules and disruptions in product availability or delivery can create situations where they may not want to buy again from farmers who cannot consistently meet their commitments.

## Ordering and Billing Methods

Intermediate buyers prefer ordering and billing procedures that are as simple and streamlined as possible. You should develop an accounting system that meets your needs and is easy for the buyer to understand and make payment. Whether you get paid on a weekly, biweekly or monthly basis needs to be determined at the start. There are different

## Sample Product Availability Sheets

| PRODUCE                 | Box Size     | Price/Box | Season Available  | Quantity Available/Week | Comments                             |
|-------------------------|--------------|-----------|-------------------|-------------------------|--------------------------------------|
| <b>Spring Crops</b>     |              |           |                   |                         |                                      |
| Broccoli                | 1 1/9 bushel | \$0.00    | Mid June–Mid July | 100 boxes/week          | Gypsy-tight, firm heads; great color |
| Snap Peas               | 10 lb box    | \$0.00    | Mid June–Mid July | 20 boxes/week           | Small and sweet for salads           |
| <b>Summer Crops</b>     |              |           |                   |                         |                                      |
| Green Curly Kale        | 24 bunch box | \$0.00    | Mid June–Mid Oct  | 100 boxes/week          | New variety                          |
| <b>Fall Crops</b>       |              |           |                   |                         |                                      |
| Butternut Winter Squash | 35 lb box    | \$0.00    | Mid Sept–Mid Oct  | 200 boxes/week          | Try our soup recipe                  |
| Yukon Gold Potatoes     | 10 5-lb bags | \$0.00    | Mid Aug–Dec       | 10 boxes/week           | Popular variety, excellent baked     |

| MEATS                  | Price/Pound | Specs                   | Description   | Comments  |
|------------------------|-------------|-------------------------|---|---|
| <b>BEEF</b>            |             |                         |   |   |
| <i>Package Orders</i>  |             |                         | <i>Delivered: cut, wrapped, labeled, frozen</i>           |   |
| Side                   | \$0.00      | 180–200 lbs             | Steaks, roasts, ground beef, ribs, soup bones, other cuts | Can be custom cut                               |
| Mixed Quarter          | \$0.00      | 90–100 lbs              | Same as side of beef                                      | Can be custom cut                               |
| 15-pound Variety Pack  | \$0.00/pack | 15 lbs                  | Mixed steaks, roasts, ground beef, processed meats        | Ideal for food samplings                        |
| <b>BEEF</b>            |             |                         |   |   |
| <i>Individual Cuts</i> |             |                         | <i>Delivered: cut, wrapped, labeled, frozen</i>           |   |
| Steaks–Rib Eye         | \$0.00      | 4 12–14 oz. steaks/pack | 3/4 inch thick  | Can be custom cut                               |
| Sausage                | \$0.00      | 1-lb sticks             | Garlic and other flavors                                  | Available year round                            |
| <b>CHICKEN</b>         |             |                         |   |   |
| Whole                  | \$0.00      | 5–8 lbs                 | Delivered: cut, wrapped, labeled, frozen                  | Can be custom cut                               |
| <b>LAMB</b>            |             |                         |   |   |
| Whole                  | \$0.00      | 50 lbs carcass weight   | Delivered: cut, wrapped, labeled, frozen                  | Place holiday order now                         |
| <b>PORK</b>            |             |                         |   |   |
| Ham Roast              | \$0.00      | Specify weight          | Smoked  | Limited amounts naturally smoked pork available |