

Selling Local Foods in Missouri



Selling to Grocery Stores

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Review by peers is a process through which researched-based publications are scrutinized by other experts in the same field. This procedure encourages the authors to meet the accepted high standards of the discipline, prevents inadvertent errors, and results in high quality publications. Authors and editors gratefully acknowledge the following peer reviewers for their expert knowledge and contributions to *Selling Local Foods in Missouri*:

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Preface

Selling Local Foods in Missouri

Selling is as important to fruit and vegetable growers as a high yield. Producing fruits and vegetable crops is often relatively easy, but finding a market or optimal combination of markets can be challenging. Low transportation costs and the ability to produce vine-ripe, fresh fruits and vegetables give Missouri growers a competitive advantage in marketing many types of vegetables. Season-extending technology, such as high tunnels, can expand the growing and marketing windows of many Missouri-grown fruits and vegetables. Missouri growers can grow varieties and types of fruits and vegetables that cannot be found on the average supermarket shelf.

Many market outlets are available to Missouri growers. These include community farmers' markets, "u-pick" (pick-your-own) sales, on-farm or roadside markets, wholesale produce auctions, restaurants, institutional sales, marketing cooperatives, supermarket sales and community-supported agriculture or subscription farming.

Selling Local Foods provides beginning growers, and existing growers that would like to diversify, with general information and tools to make important production and business decisions. Selling Local Foods will help you make informed decisions regarding new crops, diversifying your current operation, or adding value added products, and help you determine the best venue for selling your local crop.

Selling Local Foods puts you in the fast lane for success as a commercial producer. So be sure to take the first four modules, since these offer you a solid foundation for your dreams and plans of becoming a commercial grower.

Here's what they offer:

- 90 minutes will fly by in our *Business Planning, Budgets and Liability* module. Business planning provides information and resources for anyone in or considering commercial production. You'll also get hands on experience writing your business mission statement, business plan and goals.
- *Food Safety and Food Label Claims* functions hand-in-hand with *Produce Care and Management*. Food Safety is a fast-paced, 90-minute session that will cover best food safety practices from your field to market. Produce Care spends a quick 30 minutes providing details and resources to make sure your production efforts arrive at market in top form to command the best price! You must get these two modules so you can navigate regulations and deliver the freshest and safest products to your customers.
- If you sell direct-to-consumer, through a distributor, have a farm stand, or sell through any other venue, *Customer Service and Merchandizing* offers a wealth of customer service and marketing tips and resources in this 45-minute module. Communication and relationships are key – no matter where you sell.

Did you know: research has proven that selling through multiple venues is the No. 1 key to profits for most successful local market growers? So we offer you nine, 30-minute modules, each providing an overview of different sales venues. These modules will guide you through the ins and outs of selling -- from Amish and Mennonite produce auctions to agritourism and farm stands. Take advantage of as many modules as you can; they will help you make informed decisions and choose sales venues to put money in your pocket, right from the start.

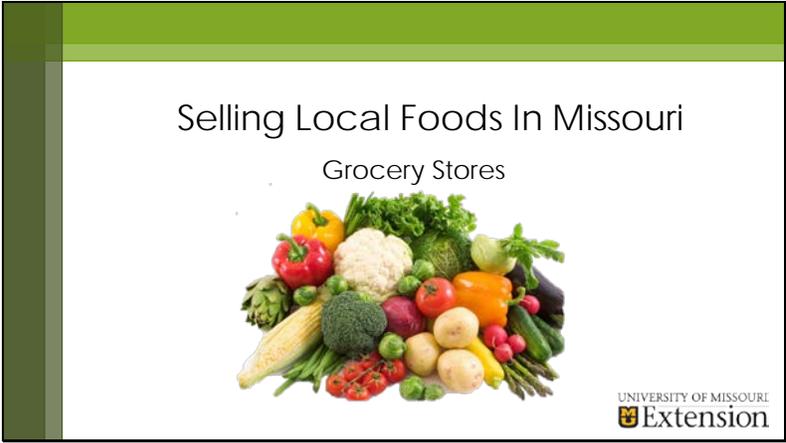
Our sales venue modules include:

- *Selling at Farmers' Markets*—Have you dreamed about one day selling at a farmers' market? Come to this session to learn about the advantages, and yes, disadvantages of selling at a farmers' market. We'll provide you with information *you* need to decide if selling at a farmers' market is right for you.
- *Community Supported Agriculture (CSA)*—Why do a CSA? What are some of the common misconceptions regarding CSAs? Did you know there are multiple CSA business models, and advantages and disadvantages related to each? After you complete this module you'll know ways target, develop, grow and retain your CSA customers.
- *Produce Auctions*—How did produce auctions get started? How many auctions are in Missouri? Who do I contact? What are their regulations? Facilities? Come learn about

the many facets of selling at a produce auction. Find out how an auction might be a great venue for your products.

- *Selling to Institutions*—What is an institution? There are more kinds that you might think. In this module you'll discover how you can get your foot in the door and the benefits of partnering with different types of institutions. You'll discover how selling to an institution can foster community relationships and open the door to a variety of other marketing channels.
- *Selling to Restaurants*—Our Selling to Restaurants module will describe all of the benefits and unique opportunities associated with selling to restaurants. You'll hear directly from chefs what is important to them and how to get started. We'll include some key resources to make planning and communicating with chefs just that much easier.
- *Selling to Grocery Stores*—This session will provide you with some key tips for selling to grocery stores. This module will dive into the specific topics you need to consider if you sell to grocers including producer-retailer relationships, pricing, packaging, quality, and quantity.
- *Selling Wholesale/Food Hubs*—Learn about the different types of wholesalers and the advantages of marketing through distributors. We'll explain food hub classifications and identify potential challenges you might face when selling to wholesalers so that you are prepared. Wholesale appeals to many farmers because it allows you to focus on what you're good at - production.
- *Kitchens and Other Local Foods*—Did you know that the percentage of meat in a product determines which regulations you need to follow? This module will detail the ins and outs of regulations for jams and jellies to pasta and eggs, meat and jerky. While many farmers think of local foods as produce, you will find that there are other products that you can sell locally.
- *Agritourism, Farm Stands and U-Pick*—This session will explore the crossover between agriculture and tourism industries. You will learn about key ways you can adapt your farm and growing practices so that you can participate in the agritourism industry through u-picks, farm stands, and events.

Don't get surprised by the unexpected. Learn, plan and be proactive to ensure your success whatever sales venues you choose.



Outline

- Benefits of Selling to Grocery Stores
- Tips for Selling to Grocery Stores
 - Retailer relationship - Pricing
 - Packaging - Invoicing & tracking
 - Quality & Quantity - Promoting
- Challenges of Selling to Grocery Stores

Welcome everyone, today we are going to talk about grocery stores, specifically about whether selling to grocery stores fits your operation. We will talk about benefits and challenges of selling to grocery stores and offer some tips for selling your product to grocery stores.

What is grocery store?



A grocery store is a business location for distribution of food products for retail sale to consumers.

Why should I sell to grocery stores?

- Great place to start
- Interested in specific & local
- Independent
- More flexibility



Small specialty food stores, natural food stores or other small grocery stores are good places to start. They often have more flexibility to work with producers than large grocery store chains.

Benefits of Selling to Grocery Stores

- Great for larger quantities
- Larger customer
- Educate customer



Grocery stores are a great market for larger quantities of quality items. Grocery stores often advertise the farm the product came from. This is a great way to reach a large customer base and showcase local farms and farm products, and educate consumers on locally produced foods. Some grocery stores will label local products with the farm name and the distance it traveled to get to the grocery store. An example is the Kirksville Hy-Vee store, where local products are labeled with signs with the producer's name and the number of miles the product traveled from the farm to the store.

Benefits of Selling to Grocery Stores

- If you harvest more than planned
- Long-term relationship
- New product feedback
- Custom growing



There are several benefits to selling to grocery stores. It's a way to market larger quantities or product that you might not otherwise be able to market through a farmers' market or other outlet. Grocery stores can be a strong outlet when harvest is more abundant than planned. In a good year, a producer may have more sweet corn than expected and the grocer may be willing take purchase all they have, since sweet corn tends to be a popular item among consumers. There is the possibility for a long-term relationship and feedback for new products. There could be an opportunity for custom growing. The grocer may ask a farmer to grow a particular product for that store.

Key Questions to Ask Yourself



There are several key questions you should ask yourself if you are interested in selling to a grocery store: What products do local grocery stores want that I could supply, including specialty ethnic foods? Does a particular chain have an interest in purchasing local?

Key Questions to Ask Yourself

- What is my plan to ensure a consistent supply of a few key products over a period of several weeks?
- Do I need to be GAP (Good Agricultural Practices) certified?
- Do I have a documented food safety plan?



What is my plan to ensure a consistent supply of a few key products over a period of weeks? Do I need to be GAP (Good Agricultural Practices) certified? Does this buyer require it? Do I have a documented food safety plan? If you have a hard time answering these questions, you may want to seek additional training or certification through Extension.

Tips For Selling to Grocery Stores- producer/retailer relationship

- Visit or call the store and ask for an appointment
- Be professional.
- Provide the buyer with:
 - product samples
 - a product list for the full season
 - price list.



Before the season begins, visit or call the grocery store and make an appointment to meet with the produce buyer. Ask for a meeting time that is most convenient for them. Be professional, reliable and on time. Share samples of your product with the store manager or the buyer. Have a product list and pricing available for them during your visit.

Tips For Selling to Grocery Stores- packaging

- Ask buyer how they want products packaged and labeled before you deliver.
- Most require deliveries in boxes labeled with farm name, and product description.



Ask the buyer how they prefer you to package your products and any labeling requirements they may have. Grocery stores usually require deliveries in packaging labeled with your farm name and product description.

Tips For Selling to Grocery Stores- packaging bar code resources




The description may include the quantity if bunched and sold by the bunch or weight if bulk and sold by the pound. Products such as tomatoes may need to be sized and graded to industry standards and may require a UPC or PLU code. Missouri growers can get bar codes from the GS1-US INFO site <http://www.gs1-us.info/> or by joining AgriMissouri.

Tips For Selling to Grocery Stores- packaging and PLU codes



Results

PLU	Commodity	Variety	Add Variety Info	AKA	Size	Restrictions	Revision date
9382	BROCCOLI	Crowns					1999-12-31 00:00:00

Grocery store point of sale technology at the cash register may require a PLU or UPC code that is represented by a barcode on products. Most grocers use the universal PLU numbers to identify bulk produce, herbs and nuts.

Growers, packers and shippers are reminded to check before ordering PLU labels to ensure PLU information for their use is current. A complete list of Global PLUs is available on the web at www.plucodes.com.

What do you think is the main barrier between local producers and grocery stores?

Failure to deliver adequate and consistent quantities of a product is a barrier for purchasing local produce.



Remember, the produce manager wants to be proud of the quality he provides. The last thing he wants is customer complaints.

Tips For Selling to Grocery Stores- quality & quantity



Top-quality products and reliability are all-important for a successful relationship with a grocery buyer. Communicate clearly to them what and how much you can deliver, and when. And then make sure you meet every one of these agreements.

Show you are prepared and professional. Bring any licenses, certifications and your food safety plan to show the buyer or manager.

Tips For Selling to Grocery Stores- pricing

- Subtract 35-45% from retail or farmers market price to create wholesale price for a grocery store.
- Be able to explain prices to grocer.



According to the Washington State Department of Agriculture guide on Direct Marketing Strategies: Selling to Grocery Stores and Food Co-ops, when pricing your products for a grocery store, consider subtracting 35-45% from your retail or farmers' market price to create a wholesale price. Be prepared to explain your prices to the grocer so they are more likely to pay what you are asking and can explain it to the end customer.

Tips For Selling to Grocery Stores- pricing

Grocers may pay more for a special flavor, variety, or something else that makes your product special.



Grocers may pay more for special products, such as a special flavor, variety, or something else that make the product more attractive to grocery shoppers. An example might be heirloom tomatoes or purple cauliflower or carrots.

Tips For Selling to Grocery Stores- invoicing & tracking

- Critical to have a clear system for invoicing grocery stores.
- A good, clear, or professional invoicing system could set you apart from other vendors.



Have a good, clear system for invoicing grocery stores. This could set you apart from other prospective vendors.

Tips For Selling to Grocery Stores- invoicing & tracking

- A good recordkeeping system
- Provide bill or invoice
- Keep track of deliveries
- File one copy for yourself.



Establish a good recordkeeping system that includes clear invoicing and accounts receivable. Most grocery stores will not pay on delivery. You may receive a payment 15-30 days after delivery. Keep track of deliveries and always get a signed invoice in duplicate. Make certain that you file one copy for yourself.

Tips For Selling to Grocery Stores- invoicing & tracking

- Most grocery stores will not pay on delivery; may pay monthly.
- Build relationships with everyone who handles your product.
- Communicate with buyers weekly.



Always provide a bill or invoice when you deliver products. Get a signed copy for your records. Build a relationship with everyone who handles your products-the manager, the buyer, the person stocking the shelves, etc. Communicate weekly with buyers during the growing season about your product availability.

Tips For Selling to Grocery Stores- promote your product



Plan your production carefully to have a continuous harvest and volume to supply demand from the store. Stagger plantings so you have product to harvest all season. Provide the store with information about your farm. Provide flyers and pictures of your farm for display. Ask if they will do in-store demos of your product. Offer to provide a tour of your farm.

Group Work

- As a group write 2 tips you learned today and 1 thing what you would like to learn more in each category:
 - Retailer relationship
 - Pricing
 - Packaging
 - Invoicing & tracking
 - Quality & Quantity
 - Promoting



You will be working in groups to discuss and summarize the tips that you learned today.

Challenges Of Selling to Grocery Stores

- Constant communication with buyer
- Must meet orders and delivery deadlines.
- May need standard sizes; labeling and packaging.
- May need to get a PLU or UPC code on your product.
- May not be able to sell enough quantity for profitability.

Selling to a grocery store can be challenging. Communication is very important and a farmer may need to be in contact with a grocery store almost daily. It is very important that the farmer meet orders and deliver by the deadline.

The grocery store may require standard sizes, which requires products like tomatoes to be sorted into small, medium, large. Labeling and packaging may also be required. Visit with the buyer/manager to find out how they would like the product delivered.

It may be challenging for some farmers to have enough product to sell to make it profitable.

Mr. Smith's story

One day I decided that I have a lot of potatoes, more than I could sell at the farmers market. One of friend suggested me to sell them to grocery store. He mentioned that he heard you can even sell the homemade stuff. Then I packed my potatoes and the salsa my wife made, and headed to a large chain grocery store.

Unfortunately, they said they weren't interested. I don't understand where did I do wrong?



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Summary

Relationships
Quality
Tracking

In summary, marketing to grocery stores is all about building relationships with everyone from the manager, the buyer, and the person working the produce section of the store. Having quality products is a must. Know your product and be able to "sell" it to the buyer. Quality products have consistent color, flavor, and other desirable qualities. Begin with a good tracking and invoicing system in place. Learn what certifications or licenses are required by your state department of agriculture, and by the buyer of the product. Learn how buyers want products packaged and labeled. Provide the grocer with a bill or invoice on delivery of the product. Be professional and build your relationship with the grocer.

Additional information

- University of Minnesota Community and Local Food Resources-Marketing Local Food

<http://www.extension.umn.edu/rsdp/community-and-local-food/marketing-local-food/selling-to-institutions-and-retail/#local>

- University of Kentucky Cooperative Extension: Marketing Fresh Produce to Food Retailers (Grocery Stores)

<http://www.uky.edu/Ag/CCD/marketing/grocers.pdf>

For more information on selling local foods to restaurants, see these resources.

University of Minnesota Community and Local Food Resources-Marketing Local Food

<http://www.extension.umn.edu/rsdp/community-and-local-food/marketing-local-food/selling-to-institutions-and-retail/#local>

University of Kentucky Cooperative Extension: Marketing Fresh Produce to Food Retailers (Grocery Stores)

<http://www.uky.edu/Ag/CCD/marketing/grocers.pdf>

Washington State Department of Agriculture: Small Farm and Direct Marketing Handbook: Selling Directly to Restaurants and Grocery Stores

Direct Marketing Strategies, January 2010

<http://agr.wa.gov/marketing/smallfarm/DOCS/3-SellingDirectlyToRestaurantsAndGroceryStores.pdf>

Questions?

Presenter one name
Presenter one contact info
Presenter two name
Presenter two contact info

Next session will be offered:

Next event

Glossary of Terms

Acidified canned food	A food whose ingredients are primarily naturally not acidic (pH > 4.6) that are acidified with vinegar or lemon juice before canning. This includes pickled vegetables and other products. To sell these products at room temperature, a process review and attendance at Better Process Control School is required.
Better Process Control School (BPCS)	Better Process Control School is required for selling some shelf stable canned foods. The course either includes two days (only for acidified foods) or four days (for selling low acid canned foods).
Clean	The removal of dirt and debris.
Commercial kitchen	Typically, this is a food processing facility that uses commercial-size equipment for preparing food and is typically not a home kitchen used for regular family use. Note that if a processor needs a food safety license to sell a particular food, they need to obtain such license for themselves, even if someone else using the same facility has a license, unless that person is willing to take on the liability for another processor.
Co-packer	A contracted processing facility that manufactures and packages food products for a client based on the client specifications.
Crisping	Refreshing harvested fresh produce in water or sprinkling leafy commodities with water or ice to restore moisture content.
Farmers' Market	RSMo. 144.527.2 defines a farmers' market as "Individual farmers or a cooperative or nonprofit enterprise or association that consistently occupies a given site throughout the season, which operates principally as a common marketplace for an individual farmer or a group of farmers to sell farm products directly to consumers, and where the products sold are produced by the participating farmers with the sole intent and purpose of generating a portion of household income."

Under this definition farmers' markets include but may not be limited to:

- One or more producers at any location
- Roadside farm stands or farmers selling directly from their home
- Community Supported Agriculture (CSA's)
- Agritourism operations
- Any operation where farmers sell farm products from their farms directly to consumers with a logical pattern
- Both the act of organization or assembly and the individual participants may be considered farmers' markets.

It is important to recognize the separation between markets as a common marketplace and markets as individuals and entities. The laws and

regulations governing a farmers' market as a common marketplace are determined by the market's organizational structure and the activities the market (organizing body) performs under applicable state and local laws. The laws governing vendors are determined by their legal incorporation and the types of products and services they provide under applicable state and local laws, whether they qualify as a farmers' market themselves or not.

FDA	The United States Food and Drug Administration. Generally, responsible for regulating all food products other than meat and poultry.
Food Hub	A centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products.
Food Safety Modernization Act (FSMA)	A law signed in January 2011. It includes final rules released in 2015 on produce safety, as well as processed food safety. This is the first time that there have been governmental regulatory requirements for selling fresh, whole produce. More information is available from http://missourifamilies.org/foodsafety/newsletters/ or www.fda.gov/Food/GuidanceRegulation/FSMA/default.htm
fresh-cut	"...any fresh fruit, vegetable or combination that has been physically altered from its original form, but remains in a fresh state."
GAPs	Good Agriculture Practices. For the purposes of USDA's GAPs program, GAPs applies to produce growing, harvest, packing, and transportation. If a product is GAP certified, the grower has passed an audit that they are using good food safety produce growing practices. Not that GAPs is not a regulatory requirement, but may be required by a buyer.
GFSI	The Global Food Safety Initiative. Some buyers may request that producers pass one of the GFSI- recognized 3 rd party audits for food safety. Some of the auditing schemes recognized by GFSI include Primus and Safe Quality Food (SQF).
GMPs	Good Manufacturing Practices- the basic sanitary and processing requirements necessary to ensure the production of safe food. Implementing these is essential to meeting FDA and USDA food safety requirements.
Grocery Store	A market outlet for distribution of local food products for retail sale to consumers.
Group GAPs	A USDA food safety certification program which officially began April 3, 2016. Under the program, growers of any size can be USDA-GAP certified as a group.
HACCP	Hazard Analysis and Critical Control Points. A HACCP plan and implementation program is a regulatory requirement for meat and poultry

products, seafood, some juice, some vacuum- packed products, and by some food buyers.

High acid canned food	The natural pH of the product is ≤ 4.6 . This includes most fruits and naturally fermented foods. No process review is required but pH records must be kept.
Hydro-Cooling	When warm produce is cooled directly by chilled water, the process is known as hydro-cooling.
Incubator kitchen	A kitchen facility that can be utilized by start-up or other food businesses. May also be considered a “community” or “shared-use” kitchen. Note that generally, if a food product requires a food safety license to sell, the processor would still need to obtain such license for themselves, even if someone else using the facility has a license, unless that person is willing to take on the liability for another processor.
Local	There is currently no uniform national definition for this term. However, if the term is used, it must be truthful and not misleading. The 2008 Farm Act defined this term as < 400 miles from the origin.
Low acid canned food	A food product that has a natural pH of greater than 4.6. This would include canned vegetables and meats packed in water. To sell these products at room temperature, a process review, attendance at Better Process Control School, and commercial retort canning are required.
Natural	USDA defines “natural” related to how a meat product was processed, stating that it is “minimally processed and contains no artificial ingredients.” FDA does not currently have a definition for natural. However, FDA “has not objected to the use of the term if the food does not contain added color, artificial flavors, or synthetic substances.”
Organic	For any food product to be labeled as “certified organic” or “USDA Organic,” they must be certified to meet all the requirements of the <u>USDA National Organic Program</u> .
pH	A measure of the acidity of a food product, which has a major impact on the microbial safety of the product, since some organisms do not grow well in acidic conditions.
Potentially hazardous food	Often commonly called “perishable” foods. A food that is natural or synthetic and that requires temperature control because it is in a form capable of supporting hazardous microorganisms.
Produce Auction	A market outlet for locally produced wholesale products. Fresh produce, as well as a variety of other agricultural products, are offered for sale to the highest bidder.

Restaurant	A market outlet for locally produced food to be sold and prepared for consumption by consumers.
Sanitize	Treating to reduce the amount of bacteria on a surface.
Trimming	Removing the parts of harvested fresh produce which are most likely to deteriorate. It removes the dried plant fluid that seeps out after harvesting which clog the plants pores, not allowing for proper hydration, and it removes those parts that detract from taste and eye appeal.
USDA	The United States Department of Agriculture. Generally responsible for regulating meat and poultry products and also perform other roles supporting agriculture, such as conducting Good Agricultural Practices (GAP) audits.
Water activity	Water activity is a measurement of the water available for the growth of microorganisms in a food product. It is affected by moisture content, as well as salt and sugar content of the product. It ranges from 0 to 1 (distilled water is a a_w 1).

Marketing Vegetables in Missouri



Figure 1. Farmers markets provide an easy, convenient way for producers to interact with people interested in fresh, local fruits and vegetables.

Marketing is as important to vegetable growers as a high yield. Producing vegetable crops is often relatively easy, but finding a market or optimal combination of markets can be challenging. Low transportation costs and the ability to produce vine-ripe, fresh vegetables give Missouri vegetable growers a competitive advantage in marketing many types of vegetables. Season-extending technology, such as high tunnels, can expand the growing and marketing windows of many Missouri-grown vegetables. Missouri vegetable growers can grow varieties and types of vegetables that cannot be found on the average supermarket shelf.

Many market outlets are available to Missouri vegetable growers. These include community farmers markets, “u-pick” (pick-your-own) sales, on-farm or roadside markets, wholesale produce auctions, restaurants, institutional sales, marketing cooperatives, supermarket sales and community-supported agriculture or subscription farming.

When choosing suitable market outlets, consider factors such as the volume of produce you will be growing; the time you have available for marketing during the growing season; your willingness, time and ability to deal with customers directly; the perishability of your crops; price levels and price stability of the market; and barriers to market entry and expansion.

Revised by
David H. Trinklein, Horticulture State Specialist, Division of Plant Sciences

Farmers markets

Farmers markets are excellent outlets for directly marketing fresh, local produce to people in the community. Farmers markets support local farmers and promote healthy eating habits while fostering community development. Farmers markets are an excellent way for consumers to connect with food providers. By interacting with growers, consumers learn how food is grown, discover new types of vegetables and even learn how the vegetables can be prepared to preserve their nutritional value. Most consumers shop at farmers markets for freshness, diversity and the opportunity to support local farmers.

Farmers markets are well suited to small, individual lots of mixed produce. Strict grading and packaging of produce are not required, and items grade two or lower can often be sold with ease. Farmers markets are relatively easy markets to access and do not require a significant amount of startup capital. Most farmers markets require vendors to grow their products within a certain distance from the market and will often have rules and regulations governing how the items are sold. A space or booth rental fee may be required to sell at the market. Most farmers markets are centrally located, open-air markets within a community, so advertising by grower-vendors is not necessary. Farmers markets are compatible with off-farm employment because most market days occur on evenings or weekends.

Because farmers markets are well suited to small volumes of produce, they may not be the sole market outlet for a large-scale vegetable grower. Obtaining a premium price for produce at a farmers market may be difficult if there is



Figure 2. Pick-your-own marketing works best with crops for which it is easy to identify harvest maturity.

competition for the same item. Farmers markets are usually seasonal and transient, often opening in April and closing by November. However, covered farmers markets may be available year-round. Farmers markets require a significant amount of time for marketing the produce and may not be an efficient use of time for all growers. Missouri has more than 100 community farmers markets. To find a farmers market in your area, consult the Missouri Farmers Market Association.

U-pick marketing

U-pick, or pick-your-own, marketing is popular for vegetables such as asparagus, green beans, peas, sweet corn, pumpkins and tomatoes (Figure 2). Most growers use u-pick to market vegetables for which pickers can easily recognize harvest maturity. Some growers open fields at the end of the harvest season to u-pick customers to clean up the fields.

U-pick marketing of vegetables is not capital-intensive and works well for perishable vegetables. U-pick lowers costs for labor, transportation, packaging and marketing but requires time for supervising customers. In sparsely populated rural areas, u-pick may not be a successful market outlet. And because the grower is inviting the public onto the farm, accident liability insurance may be required.

One of the challenges with u-pick marketing is coordinating harvest frequency with customer volume.

Advertising is essential to maintain a steady flow of customers to the farm. Consideration must be paid to parking and traffic flow on the farm. Pickers must be supervised and shown the proper way to harvest each crop to maximize marketable yield without damaging the plants.

On-farm or roadside markets

Many Missouri vegetable growers sell their produce through on-farm stores or roadside stands (Figures 3 and 4). This method works particularly well in high-traffic areas. Generally, this form of marketing is not capital-intensive and is easy to access. The on-farm store can also be used to sell a variety of products — vegetables, fruits, processed vegetables and crafts — produced on the farm or from neighboring farms.

Many roadside markets are seasonal and benefit from a steady supply of quality produce. Some roadside stands purchase produce from other growers in the region to supplement or diversify their sales volume. Operation of the stand requires labor through the season, and packaging and grading requirements are stricter than at a farmers market. Rules and regulations such as health permits, weights and measures standards, parking, sales taxes, handicap access and sanitation must be considered before starting the market. The market should be clean and neat and have a variety of produce to choose from. Roadside market prices often fluctuate during the season, based on local supply.

Grower organizations

Missouri Farmers Market Association
710 S. Hickory St.
Mt. Vernon, MO 65712
417-708-1909

Missouri Farmers Union
15593 Road 245
Langdon MO 64446
573-659-4787 or 660-787-0222

Missouri Organic Association
20547 Creek Road
Bunceton, MO 65237
660-427-5555 or 573-619-9139

Missouri Vegetable Growers Association
100 E. Newton St., 4th Floor
Versailles, MO 65084
573-378-5358

For farmers market locations, visit <http://agebb.missouri.edu/fmktdir>.

Wholesale produce auctions

Missouri has four wholesale produce auctions. A produce auction is a marketing cooperative organized as a limited liability corporation or general partnership. Each auction has shareholders, usually growers, who provide startup capital for the auction. Produce auctions allow grower-members to wholesale market large volumes of produce in a centralized facility to a diverse group of buyers. Grower-members are expected to grade and package their produce in standardized containers before the auction. Each auction has specific guidelines for grading and packaging produce items. The auction often sells containers or boxes to grower-members. Growers transport the



Figure 3. Roadside stands and on-farm stores are most successful in high-traffic areas.

produce to the auction building the morning of the auction, and the auction commences by midmorning. Growers are responsible for boxing, unloading, stacking and labeling their produce items. The auction is conducted in an open-air shed with wide floor space for loading and unloading produce. The produce can be auctioned in lots positioned on carts on the floor or in a drive-through for bulk wagons or trailers.

Each lot of produce has a card that identifies the type, quantity, grade and, sometimes, variety of vegetable or fruit in the lot. This card is the consignment sheet and is read aloud by the manager or auctioneer before auctioning the lot. Each tag has a number that identifies the grower. Each lot is systematically auctioned to the highest bidder. The auction is designed for wholesale marketing, but small lots of produce are sold at retail prices in a separate section of the auction. Since most buyers want larger volumes of produce, most auctions sell small lots — less than three boxes of any item — last.

Wholesale produce auctions bring buyers and sellers together for a short period of time, several times each week. Most buyers purchase for small supermarkets, roadside stands or restaurants. The auction does not perform any postharvest handling or store any produce, because every lot is sold regardless of price at the day of the auction. Most auctions have a “no no-sale” policy. However, some auctions choose to set a price floor or minimum acceptable price for each lot of produce. A commission of 9 to 12 percent is deducted from the sale price of each lot to fund operating costs of the auction and salaries of the market manager, clerks and other workers in the auction.

Produce auctions are an efficient market outlet for growers who don’t have time to market their produce. Both top- and low-grade produce can be sold at the auction. Transaction costs are lowered because produce is transported to a central facility for market. Most produce auctions will only sell produce grown within a 100-mile radius of the auction facility. Produce grown outside the 100-mile radius is considered “shipped or imported produce” and is usually auctioned after local produce.

Wholesale produce auctions serving Missouri growers

Barton County Produce Auction LLC
669-A NW 30th Lane
Lamar, MO 64759
417-681-0123

C-Highway Produce Auction
Short State Highway P
Seymour, MO 65746
417-859-3509

Central Missouri Produce Auction Inc.
37808 Highway E
Fortuna, MO 65034
660-337-6227

Clark Produce Auction LLC
1966 Highway Y
Clark, MO 65243
660-264-4555

Four County Produce Auction
1162 NE 1400 Road
Windsor, MO 65360
660-684-6844

Highway 60 Produce Auction LLC
Seymour, MO 65746
417-935-2791

Leadmine Produce Auction
839 State Road T
Tunas, MO 65764
417-993-0086

North Missouri Produce Auction LLC
32633 State Highway F
Jamesport, MO 64648
660-684-6844

For more information about wholesale produce auctions, visit <http://agebb.missouri.edu/hort/auction>

Growers who wish to sell produce grown more than 100 miles away should contact the market manager before bringing produce to the auction. During the peak growing season, most produce auctions have two or three sales per week. Often, special auction events are conducted for items such as flowers, bedding plants, small animals, hay or straw, and crafts. The auction system is well suited to relatively nonperishable vegetables and fruits. Given the nature of the auction system, prices can vary, but an auction with low prices is often followed by auctions with high prices. Average seasonal prices for produce at most auctions are usually above wholesale final market prices or prices received from supermarket contracts. Growers should use the auction system throughout the growing season to get the most out of the changing prices.

Marketing cooperatives

Although wholesale produce auctions are marketing cooperatives, other forms of marketing cooperatives can be established in Missouri. Growers in a region who produce similar types of vegetables or use similar growing practices, such as organic, may consider coming together to form a cooperative. A cooperative is a business organization owned by grower-members. Cooperative ventures can be organized as partnerships, corporations, cooperatives or limited liability companies. In Kansas, for instance, eight growers formed a community-supported farm that offered a wide variety of crops and served a larger number of members than could have been done by individual producers. In northeast Iowa, a small number of growers cooperatively own a packing and grading facility and a delivery truck that serves nursing homes and other institutional customers.

Cooperative marketing can offer many benefits to growers. These include specializing in vegetable crops best suited to their soil type, labor availability and management skills; marketing a larger volume of production, which reduces the marketing cost per product and allows access to new markets, such as wholesale distributors; complementing their own skills and abilities with other necessary production, grading and marketing skills; and spreading investment costs in equipment and facilities among a larger number of producers. Most wholesale market outlets desire a consistent quality and quantity of produce. The cooperative structure allows growers to sequence their planting to maintain a steady supply of produce for each market. Using a cooperative, growers are able to label and differentiate their produce. The cooperative can help with harvesting, processing, cooling or freezing, packaging, labeling and transporting produce to market. Growers market a specific quantity of produce through the cooperative relative to how much they have invested. The cooperative has a market manager who coordinates production and seeks new markets for the cooperative. With a diligent market manager and a larger volume of produce, each grower-member spends less time marketing relative to producing the crop. The cooperative can purchase input items, such as fertilizer or seed, in bulk quantities, resulting in significantly lower prices. Labor and equipment for planting and harvesting can be pooled and shared among members of the cooperative.

Depending on its size, a cooperative can have significant capital requirements, such as packing equipment, freezing units and coolers. For the cooperative to succeed, growers must work together and put aside self-interest. A marketing agreement among members that specifies the type and volume of vegetables sold by each member must be implemented. Some cooperatives do not take possession of members' produce but serve only to connect members with buyers. Quality control is essential, and the cooperative must enforce grading and packing requirements. Growers should use the cooperative as the dominant marketing outlet for their vegetables. Growers considering any form

of cooperative entity should read *The Farmer's Legal Guide to Producer Marketing Associations* by Doug O'Brien and co-authors (see the *Resources* section) and should seek expert legal assistance.

Community-supported agriculture

Community-supported agriculture farms (CSAs) appeared in Missouri in the mid-1990s after being imported from Europe and Japan to the Northeast in the mid-1980s. CSAs are community farms where consumers interested in healthy, safe food enter into an economic partnership with growers seeking stable markets. Consumers pay in advance for a whole season of produce with a membership fee ranging from \$300 to \$600, depending on size of share. In return, members receive a supply of six or more varieties of vegetables on a weekly basis from roughly mid-May until October.

CSAs have traditionally had core groups of consumers who take on some tasks of planning, organizing and other labor — weeding, hoeing, harvesting, marketing, distribution, coordination — in addition to the membership fee. The benefits to growers include sharing the harvest risk with members who join knowing they may receive reduced harvests or variety depending on weather conditions or other problems. Traditional CSAs excel at creating loyal customers and friends, resulting in tremendous community partnerships.

A more common form of CSA in Missouri is subscription farming, which normally eliminates the work requirement for members. These CSAs may charge an advance fee for the entire season, or growers may opt to have a nominal membership fee with weekly or monthly invoices for the market basket provided.

In either form, the greatest benefit of CSA is the financing available from upfront membership fees, which enables the grower to buy seeds, supplies and labor.

CSAs require excellent management skills. Planning is essential to provide the expected variety and quantity of crops through a 20- to 24-week season. Growing such



Figure 4. Roadside stands and on-farm stores should be clean and neat and offer a variety of produce.

Table 1. Summary of market outlets for Missouri.

Market outlet	Farmers market	Roadside market	U-pick market	Produce auction	Market cooperative	Direct store sales	CSA	Institution sales	Restaurant sales
Suitable for large volumes of produce per grower?	No	No	Yes	Yes	Yes	Yes	No	Yes	No
Marketing time required by individual grower	High	Medium	High	Low	Low	Medium	Medium–High	Low	Medium–High
Degree of grower contact with consumers	High	High	High	Low	Low	Low	High	Low	Low
Suitable for very perishable vegetables?	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Price stability	Medium	Medium	High	Low–Medium	High	High	High	High	Medium–High

a wide variety of crops — usually 60 or more different vegetables, herbs, fruits or other crops — throughout the growing season requires knowledge of different growing techniques and carefully planned planting and harvesting, in addition to extra labor. By charging weekly or monthly fees based on the market value of vegetables provided, subscription CSAs exert less pressure on growers to supply a good variety every week than traditional CSAs. Growers considering developing a CSA should have several years of vegetable farming experience and good planning skills to manage the variety of crops, planting and harvesting schedules required to produce vegetables for 20 to 24 weeks. Growers considering a traditional CSA arrangement should also be adept at managing members’ labor to make the most of the member work requirement.

Some growers form cooperative CSAs with other vegetable growers or producers of eggs, meat and honey. Such arrangements allow producers to specialize in different crops that are better suited to their land assets and management skills. Cooperative partnerships can take a great deal of time to plan and manage, but much of this can be done during the offseason. CSAs in general have medium to high marketing costs but can help stabilize farm incomes, minimize risk from specific crop failures and provide outlets for extra produce. CSAs are almost always used in conjunction with wholesale outlets or farmers markets to diversify funding sources.

Restaurant and institutional sales

Selling to chefs and institutional food services can help growers diversify their markets. The most likely market targets are independently owned and operated restaurants that frequently change menus. Many are upscale restaurants that depend on high-quality ingredients to serve a sophisticated and discerning clientele. Such restaurants tend to use a limited amount of product and have little storage space on site, which means they need multiple deliveries each week. Lower-priced or high-volume restaurants can also be potential clients, particularly for highly perishable items that suffer from long shipping

distances, such as tomatoes or strawberries. With today’s food trends, many chefs feel market pressure to source locally produced, high-quality products.

Benefits of marketing to chefs include a higher wholesale price if the product is delivered to the restaurant; a larger sales volume than retail sales, resulting in lower marketing costs; a market for unique and highly perishable products; and exposure for the farm’s product to a wider audience, particularly if the chef uses the farm name and product in a marketing strategy.

An intangible benefit of selling to chefs is the invaluable feedback that growers get from food professionals, who may recommend earlier harvesting or different postharvest handling or packaging. To sell to chefs, growers need to have good postharvest handling and sorting, grading and packaging capacity. Growers will also need to be able to provide a standard business invoice that can be entered into the restaurant’s accounting system and, in most cases, cannot expect payment upon delivery. (The exception is if growers can receive credit card payments. Setting up such a system can have multiple advantages in working with large-volume customers.) Growers should also consider that chefs have a schedule almost opposite their own — chefs finish cleanup from dinner service after midnight — which means farmers need to be able to accept orders by email, fax or, as a last resort, an answering machine. Growers should also be able to provide advance product price lists and availability on a weekly basis.

A great way to break into restaurant sales is to offer chefs samples of products to find out if your products are high enough quality for them to use. Chefs expect products they order to be delivered as promised and need to know about crop shortages far enough in advance to order replacement products from other distributors. Never deliver to a chef during lunch or dinner service (11 a.m. to 2 p.m. and 5 to 10 p.m., respectively) or you are likely to lose the sale because of the inconvenience to the chef.

Another potential marketing outlet is institutional food services, such as campus dining, elementary and secondary school cafeterias, hospitals and nursing homes. Many of the benefits and rules about selling to chefs also apply here.

Note that most food services will require product liability insurance, standard packaging and grading, and readable invoices. Many food services use a purchase order system that can require a grower to be approved as a vendor before an order can be placed, unless the grower has a credit card system in place. Food services generally pay the standard wholesale price but are often interested in contracting for product throughout a season, which can balance out price fluctuations from week to week. In addition, to protect themselves from legal claims, many food services require that suppliers have a hazard analysis and critical control points (HACCP) safety audit system in place.

Direct store sales

Regional wholesale marketing of vegetables to chain or independent supermarkets is a viable marketing outlet for both large- and small-scale vegetable producers in Missouri. Many consumers request that their local supermarkets buy locally grown produce. To evaluate this market outlet, identify all food retailers in your area, and visit or call each store to determine if they are interested in purchasing locally grown produce.

Direct marketing to supermarkets eliminates the need for a broker and allows growers to label their produce. Large-scale producers can market large lots of produce by selling wholesale to a supermarket. Small-scale producers can fulfill the demand for niche produce items that supermarkets cannot purchase through traditional wholesale channels. Many upscale or specialty supermarkets may be looking for premium, farm-fresh produce items, such as organic, ethnic, heirloom or baby vegetables.

Harvest scheduling is crucial for marketing to supermarkets, since produce cannot be delivered to market every day. Supermarkets require a consistent supply and quality of produce. The labor or equipment to harvest produce on a timely basis must be available, and coolers may be needed to preserve postharvest quality and for short-term storage. Most supermarkets require product liability insurance, and some require growers to attend food safety training, to have a third-party auditor and to have specific requirements for harvesting, packaging and handling produce. For example, most supermarkets require the items to fit on a 40-by-48-inch pallet for ease of handling in the warehouse or store.

Some supermarkets will accept locally grown produce at the local store, and others may require the produce to be delivered to a central warehouse facility. Contact the local produce manager from the supermarket you are interested in selling to, and establish a relationship with the buyers. Buyers may wish to inspect the farm and discuss production practices used to grow the crop. Prices for produce are negotiated with each buyer, but price levels do not fluctuate significantly.

Food Safety Modernization Act (FSMA)

The FSMA was signed into law in 2011 and establishes minimum standards for food safety. It was prompted by the report of many food-borne illnesses prior to that date and represents the first major revision of food safety laws since 1938. The goal of the FSMA is to ensure a safe supply of food by shifting government emphasis from reacting to food safety incidences to preventing them. As food suppliers, vegetable growers with annual sales of more than \$25,000 are subject to the terms of the FSMA and must become familiar with it. Visit www.fda.gov/Food/GuidanceRegulation/FSMA/default.htm for more information.

Good Agriculture Practices (GAP)

There are several types of GAP certification; all are aimed at ensuring that food producers adhere to practices consistent with the production of safe food. GAP programs usually are buyer-imposed and set standards for growers to follow. Various produce marketing outlets may require GAP certification of some sort. The FSMA is altogether separate from GAP certification and is not a substitute. Check with your marketing outlet to see if their vendors must be GAP certified. If so, your local extension specialist can provide additional information on obtaining GAP certification.

Pricing vegetables

Setting price is a critical component of successful marketing. Vegetable growers have a greater level of control than most other growers over marketable yields, input costs and price. The closer a grower is to the consumer, the more control over price the grower has. Buyers perceive price to represent value of the product. Underpricing, or pricing too low, gives the perception the product is inferior, and setting the price too high often drives customers away. Many growers make the mistake of setting the price too low at the beginning of the marketing season when competition is low and demand is high and then find it difficult to increase price later in the season. Before setting price, gauge the level of competition and the consumer demand for your product. For example, organic produce may have a stronger demand in urban areas, so prices can be set at a higher level. Also, early-season produce, such as tomatoes, has high demand with little competition in most markets, resulting in a higher price range.

There are several techniques for setting price. The most direct method is relative pricing. Relative pricing involves acquiring price information from competitors and setting your price relative to that level. Though a direct, easy way to set price, this may not be the most profitable method because individual growers have different production costs and quality. Local produce is fresh and often vine-ripe, and should therefore receive a higher price than imported produce at most supermarkets. So, the price of imported vegetables can often be used as the base price.

Cost-oriented pricing is the best method for setting price for vegetables. With cost-oriented pricing, the grower needs to know costs of production. When growers know both the fixed and variable costs of producing their vegetables, they can determine the break-even price. Fixed costs, commonly called overhead costs, are costs that do not change regardless of the level of production. Land rent, property taxes and depreciation are common fixed costs. Variable costs are input costs that vary with each production season and type of vegetable. Seed, fertilizer, boxes, fuel and labor are examples of variable costs. Variable and fixed costs added together are the total costs of production and can be averaged over the marketable yield to get an average total cost per pound, box or bushel. Break-even price is the price for a produce item at a certain level of yield where total costs are covered. This is the price floor for a grower's vegetables. Selling below this price level for a significant period of time will lower net income. However, once this price level is determined, most growers establish a price margin above this level to secure a profit.

Because most supermarkets, institutions and restaurants contract with growers, these market outlets maintain a relatively stable price through the marketing season. Wholesale produce auctions, farmers markets and roadside markets experience variable pricing based on local supply and demand.

Resources

American Vegetable Grower. Toll-free: 800-572-7740.
<http://www.growingproduce.com>

Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses. 2003. Minnesota Institute for Sustainable Agriculture. <http://www.misa.umn.edu/Publications/BuildingaSustainableBusiness>

Community Supported Agriculture. Alternative Farming Systems Information Center, National Agricultural Library. <http://www.nal.usda.gov/afsic/pubs/csa/csa.shtml>

Community Supported Agriculture (CSA): An Annotated Bibliography and Resource Guide. 1993. DeMuth, S. USDA: National Agricultural Library. <http://www.nal.usda.gov/afsic/pubs/csa/csadef.shtml>

Farmers' Markets: Rules, Regulations and Opportunities. 2002. Hamilton, Neil D. National Center for Agricultural Law Research and Information Center. http://nationalaglawcenter.org/wp-content/uploads/assets/articles/hamilton_farmersmarkets.pdf

The Farmer's Legal Guide to Producer Marketing Associations. 2005. O'Brien, D.; Hamilton, N.D.; and Luedeman, R. National Agricultural Law Center. http://new.nationalaglawcenter.org/wp-content/uploads/assets/articles/lobrien_producermarketing_book.pdf

Growing for Market. A newsletter and website for produce growers. Toll-free: 800-307-8949. <http://www.growingformarket.com>

LocalHarvest. This website is heavily marketed to consumers and is a great place to list your farm for free. Consumers moving to new areas can find u-pick, farmers markets and CSAs through this site. <http://www.localharvest.org>

Food Circles Networking Project is an MU Extension program that connects farmers and consumers around local food. The project offers guides to sourcing local foods and information on creating community food systems. <http://foodcircles.missouri.edu>

The New Farmers' Market: Farm-Fresh Ideas for Producers, Managers and Communities. 2001. Corum, V., Rosenzweig, M. and Gibson, E. New World Publishing, Auburn, Calif.

North American Farmers' Direct Marketing Association. Toll-free: 888-884-9270. <http://www.nafdma.com>

Marketing Options for Commercial Vegetable Growers. University of Kentucky Cooperative Extension Service, publication ID-134. www.ca.uky.edu/agc/pubs/id/id134/id134.htm

Missouri Vegetable and Fruit Growers Database. <http://agebb.missouri.edu/hortgrow>

Missouri Produce Auction Report. <http://agebb.missouri.edu/hort/auction>

National Cooperative Business Association. Information on forming a cooperative business. <http://ncba.coop>

Sell What You Sow: The Grower's Guide to Successful Produce Marketing. 1994. Gibson, E. New World Publishing, Auburn, Calif.

The Legal Guide for Direct Farm Marketing. 1999. Hamilton, N.D. Drake University Agricultural Law Center, Des Moines, Iowa.

The Packer. A newspaper and website for commercial produce growers. Contains wholesale terminal market price information. Toll-free: 866-647-0918. <http://www.thepacker.com>

Vegetable Growers News. Phone: 616-887-9008. <http://www.vegetablegrowersnews.com>

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