

Developing a Relationship with a Wholesale Distributor

Are you prepared to harvest and deliver your produce with reliable transportation and manpower directly to a local grocery outlet ? Do you have a way to market your excess produce while it’s fresh?

Establishing a positive relationship with local produce distributors can simplify a farmer’s marketing strategy, and provide a farmer with processing and packaging, but you must understand that you should be prepared to receive less for that produce to compensate for the service the distributor provides.



Many grocery stores use local distributors to source certain produce, and for smaller direct-to-store service. It should be noted, however, that the vast majority of product goes through retailers distribution centers so the market for direct-to-store sales seems limited and intermittent. Compliance with food safety standards such as GAP certification is becoming essential to do business with wholesale produce distributors.

United States Department of Agriculture data reports that Americans consume 700 pounds of fruits and vegetables per year.

There is boundless opportunity for Connecticut growers to produce fruits and vegetables as long as they can find the appropriate outlet to market their quality produce at the right price.

Although Community Support Agriculture (CSA’s), farmers’ markets and other direct-to-consumer sales methods can provide growers top value, the vast majority of produce is purchased at grocery and mass market outlets.

The goal of this Connecticut Farm Bureau project is to help increase the competitiveness of Connecticut grown fruits and vegetables by increasing supply chain options— to expand distribution into this market as a way to increase access to Connecticut consumers of fresh, locally grown produce.

After conducting interviews with produce managers of large grocery-chains and local independent stores, Connecticut Farm Bureau has created this concise overview to assist growers who may be considering this market as an opportunity for growth.

To learn more, please contact CFBA at 860-768-1107 and a staff member will meet with you to provide more information.

Farm to Grocery Store
Is it the right market for your farm?

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Contacts for Local Grocery Opportunities

- Big Y Foods Inc., Springfield, MA**
Kevin Barry, Dir. of Produce and Floral
413-504-4671 barry@bigy.com
- Geissler’s , East Windsor, CT**
Fay Davis, Produce Manager
860-623-6336 fdavis@geisslers.com
- Highland Park Market, Farmington, CT**
Brian Gibbons, Store Mgr.& Produce Mgr.
860-674-9536 bgibbons@highlandparkmarket.com
- LaBonne’s Markets, Woodbury, CT**
Robert LaBonne, Jr., President & CEO
203-263-1940 bobjr@labonnes.com
- Mark Zotti, Produce Supervisor/Buyer
203-266-4202 markz@labonnes.com
- Stew Leonard’s, Norwalk, CT**
Scott Varanko, Produce Manager
203-847-7214
- Walmart US, Bentonville, AR**
Ronald G. McCormick, Sr., Dir. Sustainable Agriculture Produce & Floral/Meat & Seafood
479 -273-4048 sdotson@wal-mart.com

- Wakefern Food Corp.** Elizabeth, NJ
Derrick S. Jenkins, Vice President Produce/ Floral Divisions 908-527-7587
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908-527-3451
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- Whole Foods Market, Inc., W.Hartford, CT**
Drew McLachlan, NA CT Local Forager and West Hartford Culinary Specialist
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This is the list of contacts who were helpful to CFBA in this project and who are open to be contacted by local producers.

Visit www.cfba.org for a more comprehensive listing of local grocery outlets throughout Connecticut.

Local Produce Distributors

- Bozzuto’s,** Cheshire, CT Bozzutos.com
- C&S Wholesale Grocers,** Hatfield, MA *Cswg.com
- Freshpoint,** Hartford, CT
Freshpointct.com
- P Jarjura & Sons Company,** Waterbury, CT
- HPC Food Service,** South Windsor, CT
Hpcfs.com
- M&M Produce,** Hartford, CT
- OrFoodEx,** Roxbury, MA
Orfoodex.com
- Sardilli Produce,** Hartford, CT
Sardilliproduce

Created by Connecticut Farm Bureau Association, Inc.

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Is Wholesale to Grocery Store Right for You?

As a farm manager and business owner, you must exam your profit model and product mix to determine if selling wholesale to grocery stores is right for you. Grocery stores generally pay **wholesale market rate** prices for locally grown produce. In addition they will require that **your products be sorted, graded, cleaned, packaged and delivered to their specifications**. Some smaller farms have success using grocery stores to purchase excess products. Other larger farms of greater scale have success with multi-state stores. You will need to carefully evaluate whether this market might fit profitably into your business plan.

Develop a Relationship

When produce managers begin a new relationship with a farm they consider many factors when deciding if the farm is a good fit for their store. They may consider produce varieties, timing, delivery schedules, pricing, packaging, reliability, harvest schedules, insurance coverage, food safety processes, and availability.



This relationship must be nurtured over time to establish, and paperwork may take months to complete.

Quality

While there is little tolerance for less than first quality produce at retail outlets, grocery stores did not express an interest in paying more for high quality—quality produce is expected from the top to the bottom of every box.

Pricing

Grocery stores pay market rate for produce regardless of quality, provenance, size or appearance. Even high-end grocery stores expect to make their normal profit margin on locally grown produce.

Many retailers express that although consumers desire to purchase local product, they do not seem willing to pay more for it. Retailers regret that their margin on selling local product is less than on non-local product which limits dollar sales volume.

Contractgrowing is not common. Growers need to be prepared to watch out for their own bottom line when negotiating prices.

Each Store is Unique

Every grocery store has their own unique product needs based on their customer base. Each grocery store has their own special process for developing a relationship with farmers. Not every grocery store is a good fit for a producer.

Targeting the Type of Grocery Store

Large Multi-State – While the paperwork process and FSMA /GAP certification requirements can be considerable, a number of farms currently work with Connecticut grocery stores. Obtaining these approvals and certifications may provide you a competitive advantage because few Connecticut farmers have obtained them. In addition, with the larger stores, economy of scale is on your side and you can move large volumes of product. Some multi-state chains do permit individual local produce buyers to negotiate and purchase locally from non-GAP certified growers, for single stores, too.

Mid-Sized Multi-Location – Probably the sweet spot for most growers. They are willing to work collaboratively with growers. Delivery to multiple locations could be a challenge for some farmers.

Small Stand-Alone – A better match for smaller farms. Because of their independence, these buyers are easier to develop a relationship with and more responsive to the seasonal inconsistencies that occur with locally grown.

Opportunities for Farmers

Exending the Season

All produce buyers expressed an interest in products that are available earlier in the seasons or later in the season.

Custom Production

Many produce buyers expressed an interest in working closely with farmers to customize produce quantity and variety so they can utilize local products that are unique and not widely available elsewhere.

Non-produce Items

All produce buyers indicated an interest in increasing the availability of other types of Connecticut grown/processed items including bedding plants, hanging plants, honey, maple syrup, etc.

Aggregation

Aggregation is when produce is combined from several sources to fulfill an order. Buyers appreciate informal and efficient aggregation arrangements that farmers use to ensure a consistent supply. Establishing aggregation partners could open up new opportunities for medium-sized produce farms who might not produce the volume necessary to fill trucks to supply to a chain’s distribution warehouse.

If Selling Wholesale To a Grocery Store Makes Sense for Your Farm Business, then.....

- Identify the Type of Grocery Store
- Arrange to Meet with the Produce Buyer
- Complete Any Paperwork, Permitting Yourself Plenty of Time for it to be Processed
- Cultivate a Relationship
- Build on the Relationship
- Be Professional
- Be Honest about your Capacity and Update the Buyer on Produce Development and Harvesting

