

Perspectives on Wholesale Markets
Collected from the Vermont Vegetable and Berry Grower listserv
Compiled by Vern Grubinger
July, 2019

There has been considerable effort to increase supply and demand for local foods, and part of that effort has focused on wholesale production and marketing of fresh produce. For example, one goal

local food available in Vermont institutions and other Vermont wholes
Meadows Fund supported a NOFA-VT study called Scaling Up Vermont's Local Food Production, Distribution, and Marketing. The Vermont Agency of Agriculture, Food, and Markets 2019 Local Food Market Development Grant Program 2019 has as

To achieve these goals, more information is needed about the perspective of commercial growers and the challenges they face in selling to wholesale markets. To that end, growers on the Vermont vegetable and berry growers listserv were asked to share their experiences selling to wholesale markets, and their perceptions of barriers to success.

Questions posed to the list:

What kind of wholesale markets have you sold to (direct to stores, distributors, supermarkets, institutions) and for about how long?

How satisfied are you with prices, demand, loyalty, or anything else you think is important?

What trends or key challenges should folks trying to enhance local agriculture know about?

Responses, in the order received:

1. All of the above plus restaurants, for 7 years. Pretty good overall except for pricing with largest chains like Whole Foods, some downward price pressure in organics last 2 years. Institutions are interested in buying local but looking for lower prices and rarely request the volume in crop needed to make those lower prices efficient for the grower.
2. We sell to a few local food coops, distributors like Black River Produce, Myers Produce, Alberts Fresh Produce, Food Connects, supermarkets like Whole Foods and Price Chopper and a

Prices on most things we sell have not changed much in years. A case of lettuce to Whole Foods is still about \$24 and has been for at least 10 years. Of course expenses keep going up so that makes things hard. Pretty much the only way to increase profitability is to produce more volume.

as much lettuce from us as they used to. I'm not really sure why. Maybe they just find it cheaper elsewhere. Food safety, traceability and insurance requirements for certain customers have been increasing which increases costs.

We participate in the H2A program because we can't find enough local labor to get everything done. The mandated wage keeps going up which also drives up the wages we have to pay U.S. workers. Weather has been more unpredictable in recent years. We buy NAP insurance each year through FSA to mitigate some of the risk but the payout never comes close to covering a loss. It would be great if someone would design a crop insurance program that makes sense for smaller vegetable farmers. Thanks, Evan Harlow, Harlow Farm

3. We sell [berries] to local but big bakeries and to an ice cream company, and they pay us our asking price which varies on how much they buy from us, and we ask for a commitment of pounds before the season. We have had only one wholesale account that changed the price per pound on us at the end of the season, and we won't do business with them again. The bakery has been for 7 years, and the ice cream place 2 years. I find them both loyal to us. I find that places like Black River cut into the amount per pound we need. We haven't been able to agree on a price for our product. Black River can get our product cheaper from other farmers.

4. The one major thing that I have learned is the importance of having a good relationship with the produce buyer at the store. We have one store we have sold to with the same produce buyer for over 30 years! At some other stores, the person in charge of produce changes frequently and that can lead to changes in sales from year to year and also less predictability during the season.

The other thought is that if local stores/schools/restaurants want to be able to advertise that they offer local produce on a significant scale and a regular basis, then they need to be willing to pay local farmers a reasonable price for their goods. Otherwise, they will just be buying in a little bit here and there at a discount price from a farmer who is in an excess production situation. If this is to be a sustainable model that works over time for both sides, then the prices that the farmers receive have to be enough for the farmer to pay their expenses and labor and take home a living wage.

5. I think that many restaurants are bilking the customers. Some truly are devoted to local and/or local organic. But many buy a small slice so that they can appear to be supporting local. Many farms that are not organic are marketing with made up terms to appear close to organic and to get better pricing from consumers (I saw a local conventional farm with a branded bag of spinach at

I know that there are many stores and producers who are trying to keep the integrity in labeling and I also really appreciate that. It just gets harder for those that do to do so, when consumers are duped into buying something else thinking it is the equivalent, when it is not.

6. We sell to: Restaurants, Coops/Retailers, Caterers, Distributors, National Chains. For about 18 years. Restaurants good pricing, very unreliable, less customers as farm has grown. Coops/Retailers very reliable, base of business, range of pricing mostly good, some very good. Caterers hit or miss, fill-ins. Distributors reliable, fair pricing compared to national, consistent. National Chains great to sell large quantities, shitty pricing and unreliable. Local markets are somewhat competitive, choose crops that you can be consistent with and stick to them, work on the relationships first.

7. I have had years of experience selling direct to supermarket warehouses. It has always been a love/hate relationship. Dependable high volume. Lower margins. Dependable weekly payment. Need consistent availability and volume. Must provide consistent high quality. During lower sales periods (usually related to heatwave), they will occasionally cancel orders on short notice and leaving you stuck with product. Most of local purchasing by big chain stores is simply a marketing tool to give consumers the erroneous idea that they buy a lot from local farms.

8. At Long Wind Farm, we are 99.9% wholesale and have been for many years. Our goal is to build long-term relationships with reliable partners. We sell certified organic tomatoes to stores. The market has changed dramatically in the last 6 years with the tidal wave of MT/ie nBT/F3 12 31 0 0 1 72.024

If you go into virtually any supermarket in New England at the height of strawberry season, you are likely to find only Driscoll's berries (from SOMEWHERE in the world). Despite the obviously inferior quality of those imported berries to the superb local berries, it is very hard for the local berries to get any shelf space at all. Companies like Driscoll's provide year-round service, but demand year-round loyalty from suppliers and stores. The outcome is that the high-quality local food that people really want to buy is less and less available to consumers at any price.

At this point, our farm is doing fine, as we have very long histories with consumers and stores. But our future is uncertain, like everyone else's. The food system is not changing in a positive way. Of course, all of this is why the Real Organic Project exists. We are trying to make the connection between the farmers and the eaters. Eaters want to buy local food. They want to buy organic food. They want to buy food grown in the soil. They want to buy dairy and eggs from

economy is growing beautifully as a result of the failures of the stores, but I think we are losing a lot in the exchange. ALL of us buy a lot of our food from a store, and we are losing our choices there.

9. Chittenden County. It varies. The locally-owned grocery store in town has been terrific. I set the prices, they are pretty loyal. Coop and natural food stores seem flooded. Prices seem low. Restaurants: Some are very loyal and prices are pretty good. Many are not loyal. From my perspective wholesale prices have declined in the 14 years I've been selling, but expenses have increased.

I have sold to stores, institutions and distributors. I could not compete when selling to small wholesale consumers who wanted to buy small volumes at the big consumer price. If I was going

[I would like to know] How many people own second homes in my area? How are my restaurants affected when it's not summer or ski season? Are these folks willing or able to shop at

18. I sell to local coops and a few restaurants, Black River and Upper Valley Produce, for 25 years. I'm ok with the price, but the buyer is all important, when I have the right person its great then they switch chiefs or buyers and those people have different priorities and I left holding the bag. Unreliable compared to direct marketing.

19. Our farm has sold to directly to co-ops and restaurants for 10ish years. Three years ago, we entirely and now we only wholesale.

We are pretty satisfied with the prices we get; it could be more if we retailed ourselves, but as we become more efficient, the benefit of moving a lot of food for a known sale is very gratifying. It is a little hard, though, when we walk into the store and see the retail price on our produce because we would like to keep our food affordable when there is always a significant mark up.

Demand is usually good from the wholesale accounts but we have to drive 1.5 hours to find solid

Weather actually seems to be one of the biggest driver of sales - for example they had a very tough growing season in the mid-Atlantic, Pennsylvania, New York and Southern New England last year, so correspondingly demand was way up and we had a better than average sales season. Some years it is quite the opposite and if everyone is having a good growing season and the market is flooded with a particular crop or set of crops then you will likely have to drop your prices in order to move the product.

I think that most buyers who are in long term relationships with many growers intentionally persuade them to over-produce as a way of ensuring consistent supply from season to season. If a certain growing region is having a bad year then the buyer is covered from the other growing regions. We have very good relationships with our primary customers and these long term relationships are essential to our continued success. Making sure that we are communicating throughout the off-season regarding crop plans for the upcoming season is beneficial to both the producer and the customer.

Trucking prices have gone up quite a bit over the past few years, both locally and nationally. Making sure that you factor in the cost of shipping when considering price-points is very important. Make sure that you understand commonly accepted varieties for wholesale markets. The Lettuce section of the seed catalog might feature 50 types of lettuce, but for main stream wholesaling maybe only 10-12 of those varieties fall into spec.

Learn to calculate your cost of sale - wholesale pricing can cause sticker-shock as it is typically much lower than selling directly to restaurant or consumer, however the volume efficiencies that can be realized in a wholesale market might actually leave you better off than selling to many individual customers. For example - you might be able to sell a case of produce to a restaurant for \$40, while in a wholesale market you might only get, say \$28. However, in a wholesale market you might be able to sell 50 cases of that product in a single shot, all on one pallet, all on one truck. If you factor in the amount of time and energy that it would take to sell those 50 cases to direct customers - offering the product, taking the order, packing the order, delivering the product, invoicing the customer, doing the bookwork - you might see that wholesale will put you ahead in the end.