



CHAPTER 7

Farm to Grocery

Selling farm to grocery

Let's assess your readiness to sell to grocery stores. Grocery stores differ vastly in size and operation. In this chapter, we cover what it takes to sell to retailers. We go over the different types of grocery options, how you can best prepare, and address some common challenges and mistakes – and how to fix them!

Pros and cons of grocery

How do you know if grocery is feasible for your business? This depends on many factors. What types of grocers do you have in your area, what products do you sell, your production scalability? Here are a few pros and cons for selling to grocers.

Pros	Cons
 Large order size/frequent delivery Grocers may have a local procurement program which can make introductions easier. Will buy a range of products once you have introduced one. Can incorporate own following to increase popularity. 	 Can be difficult to make first introduction and sale. May only work with suppliers of a certain scale i.e., you might be too small to work with them. Long payment terms, often around 30 days. Might have complex and specific requirements to purchase from i.e., food safety regulations. Price-sensitive

Types of grocers

Depending on the scale of your business, your products, and whether or not you currently work with a distributor, you may choose different types of grocers to work with.

Local or independent grocery

A local grocery is defined as one or a few locations. A locally-owned business where the owners still make the majority of the buying decisions.

An example of a local grocery is <u>Argus Farm Stop</u> in Ann Arbor, Michigan. Located in Ann Arbor, Michigan, Argus Farm Stop is an independent local food retailer that is changing the way its community members access local food. They work with

over 200 farmers and food producers and currently have three locations. They offer both in-store shopping and online grocery ordering.

Online grocer

An online grocer offers only online shopping and does not have a physical location. Often online grocers are themed, i.e., only offer organic, gluten-free, or local products. An example of an online grocer is <a href="https://doi.org/10.2016/jns.

National or regional chain

A national or regional chain is a large-scale retailer with locations across the country or various states. They mostly work with food service distributors and have distribution centers. Many national chains also offer online ordering and delivery. Examples of national chains include <u>Ralphs</u>, <u>Albertsons</u>, and <u>Whole Foods Market</u>.

If you've never sold to grocery before, we recommend working with a local, smaller grocery to start. This is often because the owner is still a part of the purchasing decisions and is actively working with suppliers. It can be easier to form organic relationships. Additionally, smaller grocers may have less strict food safety and fulfillment expectations, which can be more obtainable.

Larger chains often work with food service distributors which can be difficult to obtain right off the bat. In summary, grocery can come in all shapes and sizes and depending on your capacity, you might opt for a certain type over another.

How to prepare for grocery

What you need

Sell sheet

As discussed in Chapter 2, your sell sheet will become very important when selling to grocery. To review, a sell sheet is a piece of paper that quickly describes all the information a buyer needs about your business. First, it outlines all the information a grocer would need to buy from you, such as your contact information, product line, pricing, and ordering details. Secondly, it also provides them with a hard copy to share with other staff when deciding to order from you.

In addition to the main bullets, your grocery sell-sheet must also contain:

- List of distributors (if you work with any)
- Delivery frequency
- Case size

F Here are templates for sell sheets on Canva to get you started.

Brand card or booklet

In addition to your sell sheet, it may also be valuable to have bring brand cards or booklets. This are print out cards or tri-folds that include:

- Your product information
- Farm and brand story i.e. what is the history of your business and land?
- Pictures of the products, your farm, your family, your animals, etc.
- Social accounts, website, and contact information

These brand cards can be valuable for grocers to display alongside your product to increase interest. Especially if the grocery you are working with is trying to build their local procurement program, this can be a great material for them to leverage. Be sure to have a few copies on hand and mention you are happy to provide more.

Samples

If you have an organized meeting with a buyer or you have an existing relationship with the buyer, i.e., you've visited their location a few times, it might be advantageous to bring a few samples along to your meeting. Obviously, this depends on your product type – however, it is a great way to immediately show the buyer who they should buy your product. Along with your sell sheet and brand cards, bringing samples can be an essential part of your pitch.

Step-by-step

Refine your pitch

Before approaching the grocer, you want to refine your pitch.

- What are you selling to the grocer?
- Why should they care about your product? What are you offering them?
- What frequency can you deliver?
- What is your order volume? Do you have a special deal for a first-time order?
- Do you have relevant food safety certifications? Do you have all the relevant documentation they want to see?

Next, you want to know what they are looking for. Who is their target audience? Who do they currently source from? What products are missing from their selection? What policies do they have around sourcing? Do your research!

Then practice your pitch. What points are you going to highlight? Are you bringing any samples or other assets? You want to keep it as short as possible to be mindful of their time and yours! If you are not yet an experienced seller, practicing a few times can help build your confidence. Coming in with a strong pitch that aligns with their sourcing team increases your chances of acquiring a new customer.

Make contact

All procurement teams will have contact information on their website. Find the correct person to reach out to and send them an email or give them a call. Introduce yourself, your business, and that you are interested in selling your products through their location. If emailing, send them a link to your website and attach your sell sheet for more information. If calling, ask for their email and send a follow email with more information.

If email or calling isn't your style, consider stopping by a location in person. This is especially relevant if you're selling to a smaller, local grocery store. Pop in during a less busy time. Introduce yourself, mention you are a supplier, and that you be interested in chatting with the buying team.

"How are new products brought into your store? Who do I speak to? Who is in charge of the buying?"

Either someone will be in and be able to chat immediately, or they'll recommend by coming another time. Be sure to leave your sell sheet and say you will follow up in a few days.

Follow up

You will immediately know from first contact whether or not your business is the right fit. If they don't respond the first time, send out a follow-up email or give them a call a few days later. The grocer will define the next steps, i.e. "You can come by next week by the store and we can chat further".

Be authentic

Building a great customer relationship is built on trust and authenticity. Grocers want to know that they can rely on you to get the products they need on time to the right place. Food can sometimes be unpredictable. You have a crop failure,

there's a mishap in delivery. Things happen. But, how you deal with those situations says everything. Being proactive, upfront, and transparent with your buyers gives them sufficient leeway to resolve the problem. If you have a relationship built on trust, buyers will be more lenient if things arise.

In an <u>interview with Dave Corsi</u>, the Vice President of Produce and Floral at Wegmans Food Markets conducted by the Cornell Small Farms Program.

Common challenges and mistakes

Overpromising

Grocery is a margins business. They need to remain profitable in order to stay in business, and so they rely on their suppliers to be timely and uphold their contracts. What can happen is the grocer might start with a small order that you are able to fulfill. That stock sells out, and they need to refill and double the order.

Are you able to fulfill that? If not, grocers might pivot to another option that is able to meet their demand.

Fix: Start small. You want to ensure you are able to keep up with demand when selling to grocers. Avoid this by starting with smaller grocers and being upfront with your production prior to fulfillment.

Inconsistent product quality

Grocery stores expect consistent quality from their suppliers. If a farm fails to deliver consistent quality produce or products, it can lead to customer dissatisfaction and loss of business. Farms should ensure proper quality control measures are in place to maintain consistent standards.

Fix: Don't grow too quickly. Similar to the above, you want to avoid growing your wholesale business too quickly without being able to keep up with demand. Product quality should be the most important part of your business, and if this begins to slip because of volume – consider taking a step back.

Lack of communication and responsiveness

Do we sound like a broken record yet? Effective communication is crucial for maintaining good relationships with buyers. Failing to respond promptly to inquiries,

provide the necessary documentation, or communicate any issues or changes may result in the loss of the contract.

Fix: Be proactive. Be sure to constantly monitor main communication channels i.e. email and phone. Retailers need to be able to contact you.

Not getting paid on time

Retailers often have long payment terms, i.e. around 30 days. There might be occasions when your payment is delayed. This can be very stressful for many farms.

Fix: Keep track of payment terms and charge late fees. It's essential to stay super organized on your end to keep track of when payments are due. Once a payment is missed, you can directly follow up with their finance team. Additionally, if you notice certain payments are chronically late with a certain buyer, you can consider adding late fees. For any payments overdue, an additional fee is added to compensate you.

Retail readiness checklist



- Define your USP and prepare your pitch before speaking with a buyer. This will make you feel confident.
- Figure out your minimum order value size and order lead time.
- Comply with all food safety and documentation requirements for the grocery. Be able to provide documentation when asked.
- Be professional, reliable, and on time. Sell to the main buyer, but continue to build relationships with everyone that handles your product.
- Ensure you are consistent and organized with invoices. Ensure the loading dock team signs off on deliveries in case something happens during warehousing.
- Choose one signature product. Start with one product and impress the buyer. Once they love one product, they'll ask what else you offer.
- Ask constantly about their needs, including pack, size, variety, postharvest, and new items.
- Be consistent in your pricing.
- Make sure that every part of your brand (delivery team, price, packaging, attitude) is telling the same story.

Start Selling with Local Line Today!

To support you in your wholesale selling journey, consider <u>Local Line's all-in-one farm e-commerce platform</u>. Local Line is an easy-to-use software tool for farmers to connect with local buyers, such as restaurants, schools, hospitals, and businesses looking to buy wholesale from local farms in their area.



Try selling online with Local Line today. We can get you up and selling online within an hour.

Sign up here today!

Happy selling! The Local Line team

localline.co info@localline.ca @locallineinc