

September 2004

AMR 04-03



Agricultural Marketing Report

Colorado
State
University

Extension

Department of Agricultural and Resource Economics, Fort Collins, CO 80523-1172
<http://dare.colostate.edu/pubs>

DIRECT MARKETING AGRICULTURAL PRODUCERS TO RESTAURANTS: THE CASE OF COLORADO CROP TO CUISINE ¹

Katy Pepinsky and Dawn Thilmany ²

- *There is a potential restaurant market available to farmers.*
- *Marketing to regional restaurants is an effective way for growers to increase their overall sales.*
- *Selling to a chef gives the producer insight into what the market trends and interests are in food.*
- *Forming strong alliances among growers facilitates their development in the marketplace and increases the promotion of their individual farms.*
- *With basic training and experience, one person can oversee all sales, marketing, and distribution successfully for a group of growers.*

Chefs truly appreciate fresh local ingredients. In fact, they will almost never turn you away if you bring something picked that morning to their back door. Devout chefs' love of food sends them searching for the best ingredients around to prepare for their clientele. Chefs are some of the best produce customers and most are constantly on the look out for a trust-worthy way to source quality ingredients. What better person

than the local farmer to provide the chef in town with great fruit, vegetables, and herbs?

Farmers, who seek to increase profitability through increased personal sales, sell at farmer's markets during the height of production. Farmers' markets are a great direct-marketing tool for producers, but farmers typically can't sell all they have at market. At the end of the farmers' market, many growers pack up leftover produce and have little else to do with it but send it to the compost pile. What grower wouldn't want to sell those items?

Are you a producer, chef, or community member interested in the farmer-to-chef program model? In the case of Colorado Crop to Cuisine, a group of agricultural producers in Fort Collins, Colorado organized themselves in response to recent trends to support local growers by marketing their products to restaurants around town. From this organization, and others around the country, there exists a formula of well-established guidelines that can assist growers marketing to chefs in their vicinity. Given the proper information and organizational commitment to marketing and operation, a group of enthusiastic producers can easily form their own farmer-to-chef program!

¹ Colorado Crop to Cuisine was organized in 2000 in order to provide greater marketing opportunities for a group of Northern Colorado farmers. This fact sheet is based upon the experiences and knowledge of the 2004 Colorado Crop to Cuisine Operations Manager and technical advisor to the group from Colorado State University.

² The authors are graduate student in the Masters of Agriculture program and Agribusiness Extension Economist and Associate Professor in the Department of Agricultural and Resource Economics at Colorado State University.

Extension programs are available to all without discrimination.

This fact-sheet is designed to motivate the potential for and give a detailed explanation of a producer-to-chef direct marketing program and provide the basic tools needed in order to start one.

Assessing the potential for your market

Do you live in an area that supports local food? Are people interested in fresh ingredients coming from people they know and trust? Is there an active community that supports farmer's markets, not only as social events, but also with their pocketbooks?

It is important to identify the need for a farmer-to-chef program. Assessing the potential for your market tells you whether there are consumers and chefs in your area that are interested in eating and buying locally.

You can conduct an informal, or formal survey to measure the potential for a farmer to chef program in your area. Ask people questions such as:

- Does the presence of local ingredients on a restaurant menu increase the pleasure of your dining experience?
- Do you look for restaurants in the community that support local farms by purchasing seasonal produce from those growers?
- Are you willing to pay extra to consume local foods in restaurants?
- How much more are you willing to pay? (2 percent, 5 percent more?)
- Do you believe restaurants that use local ingredients have better food?

These are just some examples, and can be modified or elaborated upon, depending on the community and situation.

Finding your "operations manager"

An operations manager (OM) is the person you trust to oversee all aspects of the program. This person should be responsible, well organized, resourceful, and motivated. It helps if this person has experience in either the food industry or agriculture, but is not necessary.

Basic duties of an OM are to:

- Track current produce availability from grower members
- Solicit orders from chef accounts
- Assign orders to producers
- Deliver produce from the growers to the chefs

- Work to recruit new farmer members and chefs
- Monitor financial accounts
- Cooperate with farmers' market board on farmers' market issues
- Collect payment from the restaurant accounts (Colorado Crop to Cuisine 2004)

Hiring an OM should be done carefully, since this person will be the liaison between the grower and the chef.

A similar program in New York State, Farmer to Chef Express (FCX), discusses the importance of their OM:

FCX hired marketing liaison and Saratoga County resident Judith Kleinberg, who oversees the steps of determining the available product from the farms to taking orders from the restaurants. Her role is one of facilitator, public relations specialist and business manager, growing the program's participants from both sides. (Neilson 2004)

Organizing a group of interested farmers

The best way to find an organized group of local farmers is already set up for you! Any farmers' market has a board that can be approached and asked to participate. Depending on the size of the market, the number of producer members can vary. Not all growers who participate in a particular market will want or have the need to participate. Don't let this discourage you. There are always farmers who are interested and who see the program as an exciting new opportunity. Those are the farmers you want to work with!

Organizing your program with a group of growers that come to a specific farmers' market is a great way to start. The growers are already coming into town, on a specific day, at a specific time. This allows for a "pre-determined" pick-up and delivery day for the program that correlates with the dates and times of the market. Adhering to this schedule makes things easier for the grower and the operations manager and minimizes operating costs.

All farmer-members are required to pay a modest non-refundable membership fee. This membership helps to partially defray annual operational expenses and demonstrates a willingness from growers to invest in the operations and activities of the program.

Electing a Board

It is important to give autonomy to the growers who make up the program. By placing them in control of the decisions and the direction of the program, they not only hold the power of the program, but take on a lot of the responsibility as well. They need to elect a president, a vice-president, a secretary, and a treasurer, or some combination of these positions.

You can encourage participants to hold offices by rewarding them with priority in order and account disbursement for their time and commitment.

Establishing a price list and availability

Your product/price list is very important. New vegetables and fruits are always coming into season, as others are finishing up for the year. The last thing you want is for a chef to think something is available and put it on their menu, when you no longer have it. Therefore, it is crucial to update your list every time you deliver to restaurants so that they are aware of what you will have (and not have) the following week.

Creating your availability list is easy! If you create an e-mail list of all the growers, you can communicate easily via the Internet. (CCC uses Yahoo Groups, a free Web hosting and group e-mail server available.) The OM asks, (through CCC) that all the growers e-mail her two days prior to delivery with their availability for the following week. She takes this information and updates the list on her computer. Using *Excel*[™] is a great way to organize your list, but it can also be done in *Word*[™], or any other word-processing program. (See Figure 1: *An example of Colorado Crop to Cuisine's availability list from the 2004 season.*)

Pricing is a little bit more difficult. Farmers have always had trouble with pricing, and you will probably encounter the same problems when establishing your own list. The produce market is always changing, largely determined by what is coming out of the largest production areas, California and Mexico. If something is in season in California, e.g., peaches; peaches will be cheaper all over the country due to excess availability. If you have access to market prices from a larger distributor, you can always use these to gauge your pricing.

If you do not have access to a larger distributor's list, chefs will usually let you know if you are too high on pricing, and sometimes show you a list that you can

use for comparison. You may ask chefs what they would be willing to pay for something, and if the farmer can accommodate that price, sell it for that amount.

Many farmers have already set their own prices for use at the farmers' market and for wholesale accounts. Check with growers to see how much they would like to get for specific products and try to sell them at those amounts. Most farmers know the market in their area, especially if they have been selling at the farmers' market for years. However, make sure to take into account that you are selling to a customer who falls somewhere between a wholesale and retail customer. Most chefs are not willing to pay the full retail amount for a product.

When you are done, make enough copies of the list so that each account receives its own sheet. It is helpful that this list be as user friendly as possible. All of your orders will be placed directly off of this piece of paper.

Getting restaurant accounts established

After you have organized a group of growers, and have an idea of your product line, you are ready to establish relationships with restaurants in town. Making sure you don't do this prematurely is key. Chefs are busy people, who will not be ready to hear from you until you have a set schedule for deliveries, orders, and a list of products and prices (availability list) you can place in their hand. A chef contacted via e-mail or fax rarely responds. Therefore, try to talk to chefs in person, or get them on the phone to place orders and discuss availability.

If you have lived in town for a while, approach restaurants you have frequented. Chefs love to talk to someone who has tried their food, and has an appreciation for what they are trying to do with their menu. Looking over a menu prior to speaking with a chef is a good idea. You can then identify what ingredients they are using, and tell them which of those you have available.

Find out who the chefs are and when they are in. Call first! Schedule an appointment. It is best to talk to chefs between the hours of 9 – 11AM and 2 – 4PM. You do NOT want to call or come by a restaurant during their busiest hours of the day, lunch and dinner. They will not have time for you and will feel bothered by the inconvenience.

Figure 1-Colorado Crop to Cuisine Price list

		Colorado Crop to Cuisine				Wednesday	September 22nd
ITEM	UNIT	PRICE	1/4LB	1/2LB	1LB	GROWER	NOTES
HERBS							
BASIL	OZ	x	\$4.25	\$6.50	\$12.00	QUAIL RIDGE/OBERLE	<i>Ask about our many varieties</i>
BAY LEAVES	DOZEN	\$2.50				OBERLE BOTANICAL	<i>Fresh</i>
CHIVES	OZ	x	\$5.00	\$7.00	\$10.00	QUAIL RIDGE/OBERLE	
CHIVE BLOSSOMS	CLAMSHELL	\$5.00				OBERLE BOTANICAL	
FLWR HERB BUNDLS	BUNDLE	\$4.00/EA				OBERLE BOTANICAL	SALE!!
GARLIC CHIVES	LB				\$4.50	D & H FARMS	
HORSERADISH	LB				\$15.00	OBERLE BOTANICAL	
LAVENDER	OZ	x	\$5.00	\$9.50	\$15.00	OBERLE BOTANICAL	<i>Foliage & Blooms</i>
LEMON BALM	OZ	x	\$4.00	\$6.00	\$9.25	QUAIL RIDGE/OBERLE	
MINT, PINEAPPLE	OZ	x	\$4.00	\$5.25	\$8.00	OBERLE BOTANICAL	
OREGANO	OZ	x	\$4.00	\$6.00	\$9.25	QUAIL RIDGE/OBERLE	
PARSLEY, CURLY	OZ	x	\$3.00	\$5.00	\$7.00	OBERLE BOTANICAL	SALE!!
SPROUTS							
CRUNCHY BEAN MIX	OZ			\$4.50	\$9.00		
DAIKON RADISH	OZ			\$4.50	\$9.00		
GREENS							
BABY SPRING SALAD MIX	LB	\$6.10				D & H FARMS	
GRAPE LEAVES	DOZEN	\$5.00				QUAIL RIDGE FLOWERS	
LETTUCE, MIXED LOOSE	LB	\$3.10				D & H FARMS	
SPINACH	LB	\$3.10				D & H FARMS	
SPICY MIXED GREENS	LB	\$3.10				D & H FARMS	
VEGETABLES							
BEANS, GREEN	LB				\$3.89	OBERLE/CREEKSIDE	
BEANS, GREEN	1/2 BUSHEL				\$17.25	POPE FARMS	
BEANS, YELLOW WAXED	LB				\$3.89	OBERLE/CREEKSIDE	
BEETS, BABY MIXED	LB				\$4.25	OBERLE BOTANICAL	<i>"Early Wonder" & Chioggia</i>
BEETS, CHIOGGIA	BU	\$1.99				OBERLE BOTANICAL	<i>With Tops</i>
BROCCOLI	LB				\$3.89	CREEKSIDE PRODUCE	
BRUSSEL SPROUTS	LB				\$3.49	CREEKSIDE PRODUCE	
CORN, PEACHES & CREAM	SACK	\$17.25				POPE FARMS	<i>5 Dozen</i>
EGGPLANT, BABY	LB				\$4.50	CREEKSIDE/QUAIL RIDGE	
LEEKs, BABY	DOZEN	\$7.00				OBERLE/EMPRESS	<i>~ 1 LB</i>
PICKLES, SMALL & SLICED	LB				\$2.30	POPE FARMS	
ONIONS, WALA WALA	BUNCH	\$2.00				D & H/CREEKSIDE	<i>Red/White, LARGE</i>
RHUBARB	LB				\$2.05	OBERLE BOTANICAL	
SQUASH, BABY	LB				\$5.75	OBERLE BOTANICAL	<i>Picked with Blossoms</i>
SQUASH, WINTER	BUSHEL				\$23.00	CREEKSIDE PRODUCE	<i>Acorn, Butternut, Delicata</i>
TOMATILLOS	20 LB	\$18.00				OBERLE BOTANICAL	
TOMATOES, 2-LYR	20 LB	\$32.00				HONEYACRE FARMS	<i>Harvested Mon/Thurs AM</i>
TOMATOES, FIELD GROWN	20 LB	\$22.00					
TOMATOES, HEIRLOOM	20 LB	\$32.00				OBERLE/CSU	
TURNIPS, BABY	BUNCH	\$1.99				OBERLE BOTANICAL	
POTATOES							
RED	LB				\$0.89	CREEKSIDE PRODUCE	
RUSSET	LB				\$0.89	CREEKSIDE PRODUCE	
YUKON GOLD	LB				\$0.89	CREEKSIDE PRODUCE	
	50 LB SACK				\$18.40	CREEKSIDE PRODUCE	<i>Any Variety</i>

FRUITS							
APPLES, "GALA"	BUSHEL	\$37.50				C & R FARMS	
	1/2 BUSHEL	\$19.60				C & R FARMS	
APPLES, "GINGER GOLD"	BUSHEL	\$29.90				C & R FARMS	
	1/2 BUSHEL	\$16.60				C & R FARMS	
MELONS	LB					CREEKSIDE PRODUCE	Passport
PEARS, "RED BARTLETT"	25 LB	\$25.90				C & R FARMS	
PEARS, "YELLOW BARTLETT"	25 LB	\$25.90				C & R FARMS	
PLUMS, "BLOOD"	20 LB	\$29.90				C & R FARMS	Red Meat
STRAWBERRIES	FLAT	\$41.40				AMY KAFKA	12 Pints

FLOWERS							
EDIBLE FLOWERS	CLAMSHELL	\$5.00/PINT				QUAIL RIDGE/OBERLE	SALE!!
		\$4.50 / 2+					
LARGE BOUQUET	5 GAL BUCKET	\$30.00				QUAIL RIDGE/OBERLE	
	1/2 BUCKET	\$15.00					
SMALL BOUQUET		\$6.50				QUAIL RIDGE FLOWERS	
LAVENDER BUNCHES	30 STEMS	\$5.00				QUAIL RIDGE/OBERLE	
FLOWERS FOR DRYING	EACH	\$5.00				OBERLE BOTANICAL	Statice, Grasses, Globe Amaranth
		\$12 / 3 +					
DRIED BOUQUET		\$6.50				QUAIL RIDGE FLOWERS	
POULTRY							
CHICKEN	WHOLE	\$2.25/LB				D & H FARMS	FROZEN
	HALF	\$2.25/LB					All Natural, Free Range
EGGS	1 DOZEN	\$2.75 EACH				D & H FARMS	
BEEF							
GRASS FED BEEF	LB				\$4.59	HONEYACRE FARMS	Patties, or Loose
VALUE-ADDED PRODUCTS							
APPLE CIDER	1/2 GALLON	\$4.00				ELA FAMILY FARMS	All products are USDA
APPLE SAUCE	24 OZ JAR	\$3.00				ELA FAMILY FARMS	Certified Organic
FRUIT JAM	12 OZ JAR	\$5.25				ELA FAMILY FARMS	by the Colorado Dept
FRUIT BUTTER	12 OZ JAR	\$5.25				ELA FAMILY FARMS	of Agriculture
PEACH OR APPLE NECTAR	22 OZ JAR	\$2.50				ELA FAMILY FARMS	