

Introduction to Virginia Market Ready™ Farm to Restaurant

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www.ext.vt.edu/topics/agriculture/market-ready/index.html

YOUR MARKET READY™ TEAM

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Introduction to Virginia Market Ready™ Farm to Restaurant

MARKET READY™ MOTIVATION



Market Ready™ MOTIVATION

2012 Food dollar: Industry Group (nominal)



FARM VALUE = 9.7¢

Market Ready™ MOTIVATION

Local Foods & Farm Business Survival & Growth, N. Key, Amber Waves, March 2016

“Data from the 2007 and 2012 Agricultural Censuses show that farmers who market food directly to consumers have a greater chance of remaining in business than similarly sized farms who market through traditional channels.”

“The 2012 Census of Agriculture shows farms using DTC marketing employ substantially more labor across all sales categories than farms without direct sales. Therefore, farms with DTC sales may need to hire additional workers at a lower scale of production, and the associated transaction costs may provide an obstacle to growth.”

Market Ready™ MOTIVATION

National Restaurant Association – What's Hot in 2016?

#1 Locally sourced meats & seafood

#3 Locally grown produce

#4 Hyper-local sourcing

#5 Natural ingredients/minimally processed food

#8 New cuts of meat

#10 House-made/artisan ice cream

#13 Farm/estate branded items

#14 Artisan butchery

#15 Ancient grains

#16 Ethnic-inspired breakfast items


#17 Fresh/house-made sausage

#18 House-made/artisan pickles



Market Ready™ MOTIVATION

- Governor McAuliffe Announces 75 New Jobs in the City of Richmond ~Leading Online Grocer Relay Foods to Invest \$710,000, Increase Sales of Virginia-Sourced Agricultural Products by \$3 Million Over Next Three Years~12-16-14
- Governor McAuliffe Announces USDA Funding for Two Programs Connecting Virginia Schools and Farmers 12-22-14
- Governor McAuliffe Announces Expansion of Specialty Potato Chip Production Facility in Shenandoah County 3-18-15
- Governor McAuliffe Announces New Farmstead Cheese Production and Processing Facility in Albemarle County 4-30-15
- Governor McAuliffe Announces New Production Greenhouse Facility, Jobs in Culpeper County 10-13-15



**"People are fed
by the food industry,
which pays no attention to health,**

**and are treated
by the health industry,
which pays no attention to food."**

Wendell Berry

www.NaturalLifeMagazine.com

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Introduction to Virginia Market Ready™ Farm to Restaurant

MARKET READY™ DIRECT MARKETING



Market Ready™ Direct Marketing

MARKET-DRIVEN!!



⇒ **FIRST** identify a market need

⇒ **THEN** grow products that satisfy that need

⇒ At a **price** customers are willing to pay, AND

⇒ Returns a **profit** to the business.



Market Ready™ Direct Marketing

- ❖ Different sourcing needs
- ❖ Different issues facing meat, produce, processed food product
- ❖ Basic business-to-business (B2B) framework holds



Direct Marketing

- ❖ Restaurants feature “local” items to differentiate their menu offerings and attract customers seeking “Food Experience”
- ❖ Chefs want to tell a “Food Story” – may need producer help crafting this story
- ❖ Restaurants ALL utilized direct communication (email, mailer, website, Twitter, Facebook) to reach patrons



Direct Marketing

“I would rather tell the story, but I don’t always have a captive audience in my dining room. I might have somebody who’s in a hurry and they just want a sandwich.”

“I know that I’ll be able to source products like local tomatoes, but I don’t always know what farm they’re coming from in a given week.”



Market Ready™ Direct Marketing

- ☐ I understand what kind of customer typically eats at the restaurant I would like to sell to.
- ☐ I know when/where/how often it may be possible for the restaurant to mention my products by name in their communication.
- ☐ I have easily-accessible, simple, clear, marketing materials (recipe card with brief farm history, website, social media) that provide information that a restaurant could use to tell the story of my product.



Market Ready™ Direct Marketing

- Packaging & Labeling
- Pricing
- Supply
- Invoicing
- Insurance
- Delivery
- Storage
- Quality Assurance & Satisfaction Guarantee



Market Ready™ Program

PACKAGING AND LABELING



Packaging Pointers

❖ Choice of package hinges on purpose

- ☐ Protective barrier from air/water/breakage
- ☐ Visual (visual window, graphics)
- ☐ Informational (manufacturer identification, branding, grading, nutrition, handling instructions)
- ☐ Regulation (traceability, safety)
- ☐ Purposes may have inverse relationships

❖ Adds professionalism

❖ Material greatly affects price

❖ Package choice greatly affects shelf-life and quality



Packaging Pointers

Balance Your Products Needs with Your Customer Needs!

“You need to wash and clean and pack produce to high standards for the chefs. You really need to pay attention to presentation even in the box. Wash your potatoes. Wash your turnips, carrots. Clean them. Wrap them in bundles, bunches, put rubber bands on them...”

“It doesn’t matter so much to me if green and specialties come in a plastic bag...We can deal with that if the quality and consistency is there.”

“Put a label on it! It’s all part of the professional presentation.”



Market Ready™ Packaging

- ☐ I understand that labelling can help build my farm's identity and improve product presentation
- ☐ I understand the legal regulations for labelling my product, including verifiable label claims, weights, and business contact information.
- ☐ I have taken the opportunity to explain to chefs what terms like “grass-fed” and “natural” mean if I use them on my labels and/or packaging.



Market Ready™ Program

PRICING



Pricing

- ❖ Quality of your long term relationship is about delivering value to the restaurant
- ❖ Keep in mind **WHY** the restaurant wants you as a “***preferred supplier***”
- ❖ Think in terms of competition’s prices
- ❖ Develop ability to negotiate price



Pricing – Publish Price List

- ❖ Consider developing a weekly price list
- ❖ Craft pre-season templates for easy edits
- ❖ Email or web-based delivery to buyers
- ❖ Use easy order form template
- ❖ Chefs are looking for clear, fair pricing



Pricing

“With pricing, the relationship is not a one-time thing – that’s what needs to be understood. If you’re willing to sell me tomatoes at $\frac{1}{2}$ or $\frac{3}{4}$ of farmer’s market price, or whatever we agree to, I will buy tomatoes from you week in and week out for as long as your tomatoes are going to be in [season].”



Market Ready™ Pricing

- ☐ I realize I may not be able to charge retail or farmer's market prices
- ☐ I have researched what prices chefs in my area might be paying for wholesale products
- ☐ I understand why the chef might value my product more than wholesale products

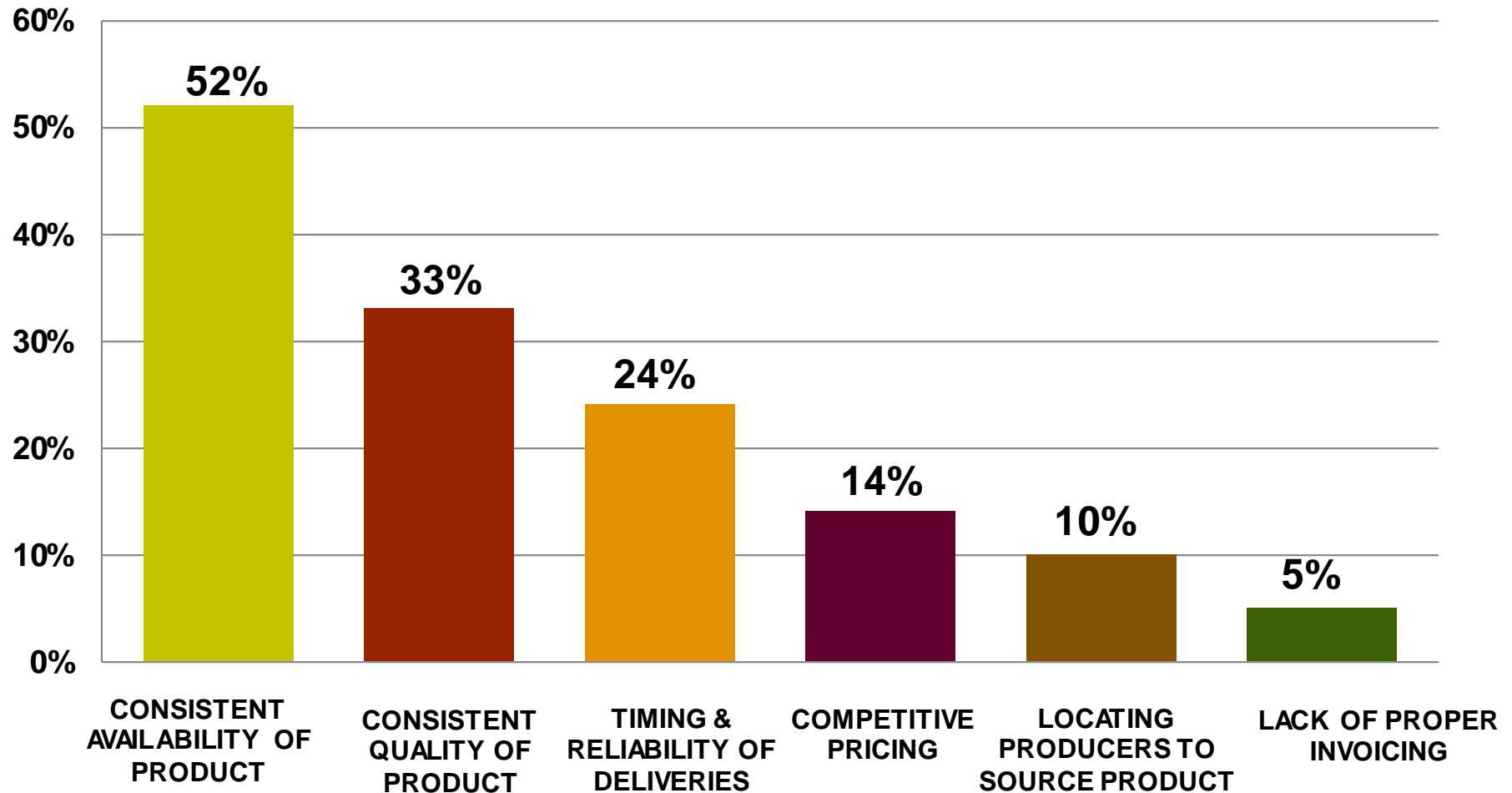


Market Ready™ Program

SUPPLY--CUSTOMER



Supply – Barriers Cited by Chefs



Supply

- ❖ Pre-planning on volume and market season was highly desired across the board!
- ❖ Chefs & growers review seed catalogs prior to planting season
- ❖ Regular updates on products available NOW and UPCOMING
 - ☐ Email/fax blasts
 - ☐ Phone calls
 - ☐ Personal appointment



Supply

“Volume is our biggest issue.”

“We know we can’t source 100% local...what we can do is ask “What crops can you grow at this volume?””

“I’m used to being able to go online and select the products I want. If I can do that for local product, all the better.”

“We have a great relationship with our farmers and so much respect for what they do. We have fostered relationships and it has paid off for everyone involved, but it does take extra work and commitment from both sides.”



Market Ready™ Supply

- ☐ I am prepared to discuss my potential products and product forms that may interest buyers.
- ☐ I have approached possible chef clients before planting season to talk about my crop availability and their volume needs.
- ☐ I have explained what varieties or product types I offer.
- ☐ I have invited chefs into conversations about new product possibilities before the season.



Market Ready™ Program

SUPPLY -- PRODUCTION





VIRGINIA FRUIT AND VEGETABLE AVAILABILITY CALENDAR

www.viriniagrown.com

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
APPLES												
ASIAN PEARS												
ASPARAGUS												
BEETS												
BLACKBERRIES												
BLUEBERRIES												
BROCCOLI												
CABBAGE												
CANTALOUPE												
CUCUMBERS												
EGGPLANT												
GRAPES												
GREEN BEANS												
GREENS/SPINACH												
HERBS												
NECTARINES												
ONIONS												
PEACHES												
PEPPERS												
POTATOES												
PUMPKINS												
RASPBERRIES												
SQUASH												
STRAWBERRIES												
SWEET CORN												
SWEET POTATOES												
TOMATOES												
WATERMELONS												

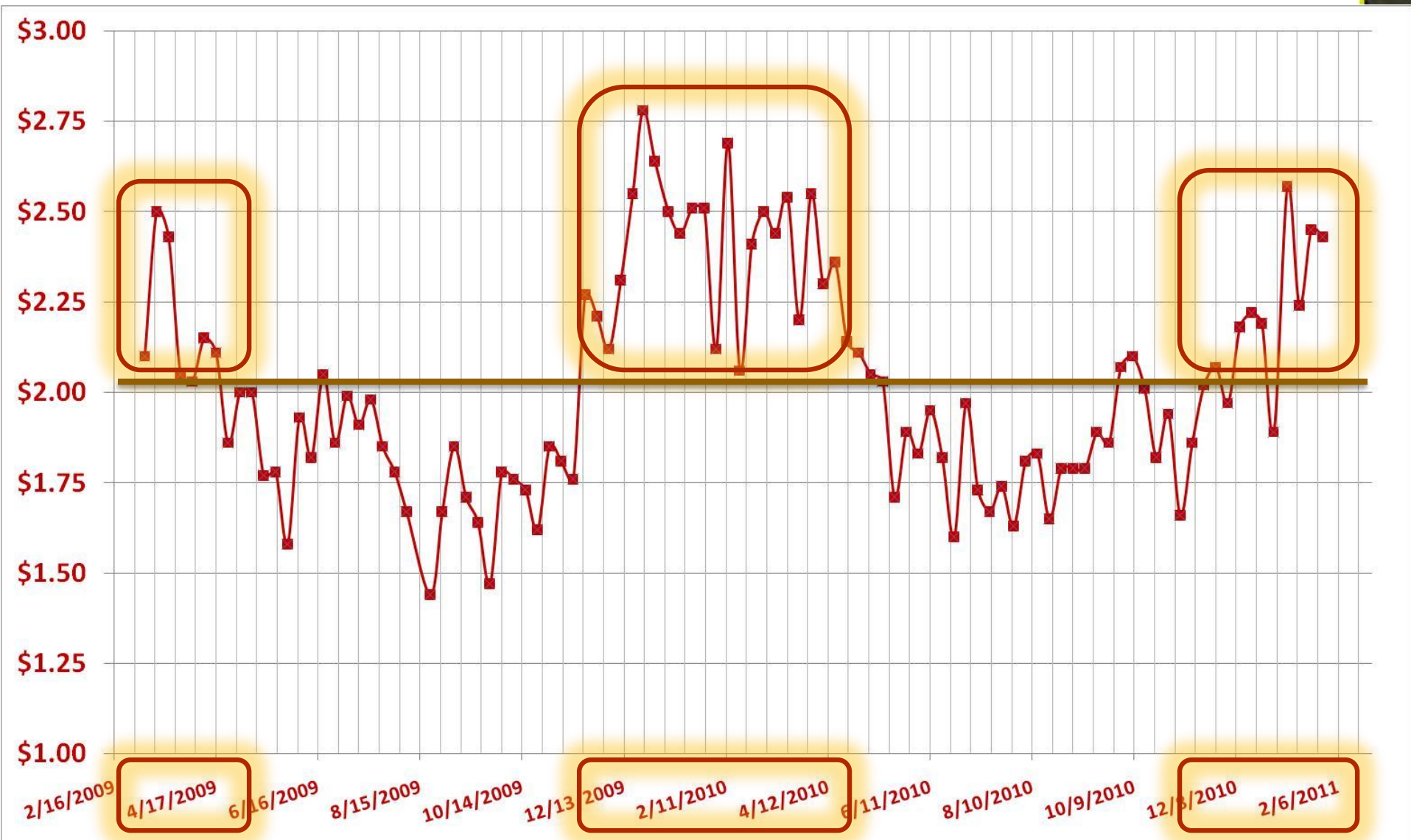
High tunnel and row covers

❖ Successfully used to

- ☐ Increase temperatures and protect against freezes
- ☐ Extend the production season (spring, fall)
- ☐ Enhance vegetative growth that results in increased yield
- ☐ **Row cover**: level of protection against freezes depend on thickness
- ☐ **Row cover**: also, barrier against insect pests and other wildlife threats



US retail prices (\$/lb), greenhouse conventional tomato on the vine



Market Ready™ Program

SUPPLY - NETWORK



Network -- Cooperatives

- ❖ Distribution logistics major barrier to local market development
 - ❑ Smaller producers may not have access to proper or timely delivery to single clients
 - ❑ Restaurants may not be able to source enough product from a single grower
- ❖ Cooperative delivery, both using informal and formal networks can offer profitable solution to this problem



Network – CRITICAL FOR SUCCESS



Network

“Having a farm that sells 20 dozen eggs a week doesn’t really help when you might have a thousand possible customers.”

“Plus it’s not worth someone’s time to drive two hours to deliver 20 dozen eggs here in Little Rock. So we’ve set up groups around the state where there are five or six farms with 20 dozen eggs coming together, so we can go and pick up 120, 150 dozen eggs at one time and fill larger orders from chefs.”



Market Ready™ Network

- ☐ I am aware of other growers that may be looking for ways to get their products to restaurants and have started conversations about cooperative delivery.
- ☐ I have the ability to ensure that my product is delivered as promised if I am not personally delivering it to the restaurant.
- ☐ I am building good relationships with my restaurant customers so that if deliveries are delayed or mixed up, we can have an honest conversation about functional solutions.



Market Ready™ Program

INVOICING



Invoicing

- ❖ Must track transactions
- ❖ Must be able to document transactions
 - ☐ Tax purposes
 - ☐ Invaluable market data
 - ☐ Future business planning
 - ☐ Improve grower-chef communication
- ❖ Invoices required by most chefs
- ❖ Few restaurants pay cash at the door



YOUR LOGO
HERE

DIRECT TO YOU FARM

Farm Logo
displayed
prominently

Invoice

Date:
10/30/2009
INVOICE #
[100]

Invoice date &
number

TO

[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]
Customer ID
[ABC12345]

Space for
customer
contact
information

Payment terms &
due date
specified

Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
					Net 15 Days	11/15/2009

Qty	Item #	Description	Unit Price	Discount	Line Total
2 Cases		HEIRLOOM TOMATOES	20.00		40.00
Total Discount					
				Subtotal	40.00
				Sales Tax	
				Total	40.00

Quantity,
Product, Lot No.,
Cost & Total

Your Farm's
complete contact
information

Make all checks payable to DIRECT TO YOU
FARM

Thank you for your business!

Invoicing

“A lot of farmers – they’ll have a generic invoice that they’ve created through a PDF file on their own computer and they’ll write my name at the top in and they’ll just handwrite what I’ve bought and then just sign it at the end and I’ll sign it so when they deliver, it’s a professional handwritten invoice created off Microsoft.”

“ Even in a direct sale situation, they really have to present me with a receipt.”



Market Ready™ Invoicing

- ☐ I can provide a numbered invoice form with farm/contact name, address, email/website, phone/fax clearly visible.
- ☐ I have space on my invoice form to print the product name/description, weight/quantity, and price.
- ☐ I have discussed invoicing with the restaurant manager and have made sure that my invoice statement or billing system meets their requirements.



Market Ready™ Program

INSURANCE



Insurance

- ❖ Product liability insurance = value-added to restaurants
- ❖ Chefs said they usually assume a producer has product liability insurance or trust the integrity of the local product
- ❖ Keep in mind **WHY** the restaurant wants you as a “***preferred supplier***”
- ❖ Communicate your business activities with your insurance provider
- ❖ Annual premiums vary by region - <\$500 per year for \$1-2 million in coverage

Insurance

“We require our growers to carry \$1 million in liability insurance. That costs the grower about \$200 a year.”

“I do ask about insurance – but I’m a small restaurant, so it’s not as big a concern.”

“With fresh produce, I can inspect it for freshness and quality...but with meat and other products I can’t trust myself to be sure.”

“Insurance is simply a cost you have to have to sell to restaurants and other institutions.”



Market Ready™ Insurance

- ☐ I have asked the restaurant what level of product liability insurance is required.
- ☐ I have added the necessary product liability insurance coverage for my farm.
- ☐ I note my product's proof of insurance on all marketing/label materials.
- ☐ I have communicated with my insurance provider regarding changes in my marketing activity.



Market Ready™ Program

DELIVERY



Delivery

- ❖ Delivery to restaurant locations is REQUIRED of locally-grown producers and suppliers
- ❖ Delivery arrangements:
 - ☐ Scheduled
 - ☐ Regular
 - ☐ Convenient
 - ☐ On-time
- ❖ Offering delivery is a cost of marketing direct to restaurants



Delivery

“The best time for us is either the morning before lunch service, or around 3-4 o’clock in the afternoon, before dinner service.”

I’m depending on my suppliers to deliver the product when they say they’re going to.”



Market Ready™ Delivery

- ☐ I have asked the chef what days and times they want me to deliver and I can accommodate.
- ☐ I have an invoicing system that allows me to leave an invoice with each delivery and send an invoice via e-mail
- ☐ I am building good relationships with my customers so that if deliveries are delayed or incorrect, we can have an honest conversation about their concerns and necessary corrections.



Market Ready™ Program

STORAGE



Storage



- ❖ Restaurants = minimal storage, space limitations, max. dining area
- ❖ Will affect size and frequency of deliveries
- ❖ Producers not obligated to solve storage problems, *BUT....*



Custom Built Walk-In Storage (as shown 16'x24'x9')

Storage

- ❖ Add value = store on-farm, arrange shared off-site storage with other growers and/or distributors, flex delivery options
- ❖ Work with restaurants on storage options for meats and less perishable produce
- ❖ For regular buyers, farm may provide opportunity to hold frozen or shelf-stable food items
- ❖ Communicate with chefs to create storage solutions



Storage

“When we do break down a whole animal, we know we’re going to be developing an inventory. In the larger context of the business, coolers are not that expensive. You just have to be willing to make the investment to commit to the local product.”

“I wish I had space to handle a whole hog. But I don’t. I basically work in a kitchen that’s a box.”

“Walk-in coolers really aren’t that expensive in the grand scheme of things.”



Market Ready™ Storage

- ☐ I know how much of my product a chef is able to comfortably handle in his/her kitchen storage space.
- ☐ I am willing to help a chef to come up with offsite storage options that can maintain my product's freshness, quality and food safety.
- ☐ I have developed best storage practices for my products.
- ☐ I have educational materials available for my customers describing storage & handling guidelines for my farm's products.



Market Ready™ Program

QUALITY ASSURANCE



Quality Assurance

- ❖ Quality assurance program = (+) value-added to restaurants
- ❖ Built into grower-chef relationship
- ❖ Restaurants expect producers (esp. of meat, dairy, eggs, processed foods) to have met & exceeded USDA, FDA and/or state health requirements.
- ❖ Be prepared to show certification documents, i.e. USDA organic, GAP
- ❖ Overall, restaurants did not identify 3rd party audits as major requirement to purchase local foods and food products, ***BUT...***

Quality Assurance

- ❖ Food safety = biggest issue on the horizon for local food production and direct sales
- ❖ Good Agricultural Practices (GAP)
 - ❖ Largely voluntary for producers selling direct to restaurants, small retailers
 - ❖ Conducted by 3rd party auditors or farm inspections by buying organization (contact Dept. of Ag.)
 - ❖ State Extension Service certification programs and training.



Quality Assurance

“We bought some [local] meat and there was a problem in figuring out how they were going to get it from their place to us. They said, ‘We don’t have a refrigerated truck.’ Well that created a time/temperature management problem.”

“I know that when I get local mesquite mix, it’s going to last so much longer in the cooler.”

“I don’t want just anybody handling my ice cream. My ice cream is at 25 degrees below zero, and I want to keep it cold. If somebody gets the temperature up to 5 or 10 degrees and then they freeze it back – they’ve messed it up.”



Market Ready™ Quality Assurance

- ☐ I have discussed cold chain requirements for my products with the chef and other food handlers.
- ☐ I have educated myself about safe food handling, proper temperatures, and storage of the products that I will be marketing direct from my farm.
- ☐ I am able to explain to my customers how my handling practices help to maximize the quality and shelf-life of my products.



Market Ready™ Program

**COMMUNICATION
SATISFACTION
GUARANTEE**



Communication

❖ Communication, Communication, Communication

- ❑ Ease of accessibility
- ❑ Transparent, open line of communication

❖ Grower insight:

- ❑ Understand chef needs
- ❑ Customer feedback driven
- ❑ Relationship results in signature product



Satisfaction Guarantee

- ❖ Key to satisfied restaurant customer is making sure chef understands the product and quality s/he can expect to receive upfront
- ❖ Different restaurants may have different expectations in product quality
- ❖ Establish understanding of how product **SHOULD** appear on delivery is crucial to uphold satisfaction guarantee to chefs and restaurant clients
- ❖ Producers should be willing to “go the extra mile” which nurtures long-term relationship
- ❖ **BUT** not allow his or herself to be subject to unreasonable demands

Satisfaction Guarantee

“Business is all about partnership and trust. Tell me upfront if there is a problem. Don’t send something off-quality to fill an order. You can tell who is strictly out for the dollar versus those that care about your business.”



Market Ready™ Satisfaction Guarantee

- ☐ I have explained to the restaurant how my product will be delivered and presented.
- ☐ I have addressed any and all of restaurant's concerns about my product.
- ☐ I am working on a relationship with the chef that allows for honest dialogue about my product quality.



Register for Upcoming Virginia Market Ready Farm to Restaurant Workshops

Thursday, November 30, 2017

Wytheville Community College

Grayson Bldg-Room 219

1000 E Main St

Wytheville, VA 24382

Thursday, December 12, 2017

Fairlington Community Center & Park

Room 100

3308 S Stafford St

Arlington, VA 22206

National MarketMaker Partners Network

Free web-based resource

**Allows users (producers & buyers)
to update individual data & search
all data**

Maps potential markets

**Generate profiles of food related
businesses**

MarketMaker is a growing partnership of Land Grant
universities, state agriculture, and food and agricultural
businesses in a coordinated effort to build a virtual
marketplace for fresher, and more flavorful food to the

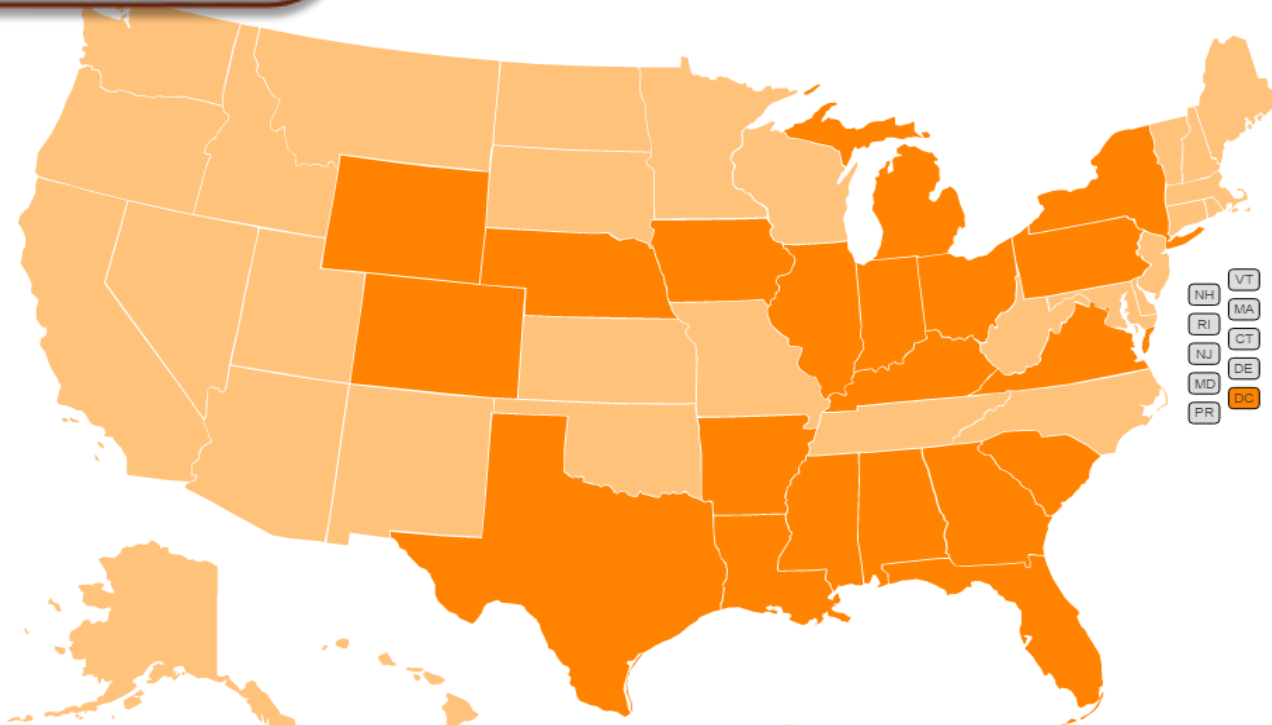
map (in dark orange) that are already part of our
network. Each have their own, custom MarketMaker
presence and explore state-specific information,
including individual state sites.

MarketMaker is seeking partners in the remaining 30 states (in light
orange) to become an agency partner in any of these

MarketMaker is Seeking Partners

The strength of MarketMaker comes from its valuable partnerships
with state, regional, and local agencies. Contact us if you have
interest in building a MarketMaker presence in your area.

[Contact Us](#)



<http://va.foodmarketmaker.com/>

Virginia Market Maker

<http://va.foodmarketmaker.com/>

<http://ext.vt.edu/agriculture/market-maker.html>

Virginia Market Ready Farm-to-Fork Direct Marketing Resources

<http://www.ext.vt.edu/topics/agriculture/market-ready/index.html>



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