

Marketing Fresh Produce to Restaurants

INTRODUCTION

A 2006 survey of Kentucky restaurateurs revealed substantial interest from restaurants across the state in purchasing typical local products such as tomatoes, bell peppers, greens, and melons.¹ The same survey also documented interest in sourcing less widely cultivated crops, such as shiitake mushrooms, asparagus, herbs, berries, and table grapes. Restaurateur and chef interest in serving locally grown cuisine was one of the most commonly documented trends in the American restaurant industry during the 2000s.

Three general reasons for purchasing locally grown produce commonly given by chefs include:²

- Locally grown foods are fresher and have a higher or better quality
- Customers have requested local products, especially after the restaurant has previously carried local foods for a period of time
- Unique or specialty products are available locally

Many chefs interviewed for a 2009 producer training curriculum for restaurant marketing also viewed locally produced items as being safer than those purchased from traditional wholesale channels. The chefs surveyed frequently cited a greater trust for produce that is grown locally — even if the chef has never set foot on the farm where the produce was grown. Chefs also tend to trust a grower who is



willing to develop a personal relationship with the restaurant and shows an interest in producing excellent food. While many chefs say they believe that locally sourced produce is of higher quality and safer than non-local produce, growers marketing to restaurants must take every care to maintain the safety of the food they deliver.

A greater focus on local food appears to be a lasting trend across the foodservice industry for the 2010s. Produce growers wanting to explore the restaurant market will need to:

- Develop **relationships** with chefs
- Understand the effects of pricing on their financial **returns**
- Manage potential **risks** from a new or developing market channel
- Prove their **reliability** by offering consistent product quality and superior service to chefs and restaurants

RELATIONSHIPS

A key for marketing produce at any level is developing a good relationship with the customer. When selling to a local restaurant, it is critical that you get to know

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the person who will be buying and using your products. This is most often the restaurant's chef, but it might also be the business manager, kitchen manager, owner, or even a pastry chef.

You may already know a restaurant's chef or personnel from your local community. If you are approaching a restaurant with which you are unfamiliar, always remember that you are a salesman for your farm's products. Strategies that help begin a sales relationship with a restaurant include:

- Dressing professionally and presenting yourself honestly
- Making an appointment at a time when the chef is not busy
- Finding out as much as possible about the restaurant before you visit—signature dishes, target clientele, awards won, chef's background and education, etc.
- Developing a neat and professional handout or brochure about your farm/market garden that describes you and your products
- Bringing samples of your produce for the chef to taste or prepare
- Making sure the chef knows when and how to contact you
- Asking the chef or restaurant manager what the best ways are to contact him/her in the future

- Providing additional information about your farm, production practices, and/or products through communication channels requested by the chefs. Common methods used for communication are farm Web sites, e-mail, Web-based social networks, mobile phones/voicemail, and direct e-mailed price lists.

RETURNS

Local producers can sometimes demand a premium above the wholesale prices that restaurants usually pay for produce. These premiums commonly range from 5% to 25% (and sometimes more) above the current wholesale market price. Specialty or hard-to-find items may be grown locally at a lower cost and that savings may be passed on to wholesale customers. In general, chefs are often willing to pay a little more than wholesale for high-quality, reliable local produce.

Producers should realize, however, that selling to restaurants is a wholesale market; retail prices (such as those received at a farmers market) are usually unrealistic to expect from restaurants. It is important to understand the wholesale prices that restaurants are accustomed to paying for produce. Growers can find links to various price reports at the USDA Fruit and Vegetable Market News Web site.

There may be additional costs affiliated with marketing to restaurants. Growers that are spending extra time preparing a product specifically to a chef's specifications should set a price that accounts for their extra production time. Another "hidden cost" can include the expenses of time and fuel required in delivering the produce to the restaurant. *A properly prepared production budget* will help a grower determine if additional profits from selling to restaurants cover the additional costs of delivery. In less common instances, smaller restaurants may be willing to pick up produce when a grower is in town at a farmers market.

There can be non-financial returns for growers selling to local restaurants. Some establishments, including Kentucky's state resort park restaurants, may feature the name of the farm or grower who supplied certain items on their menu, thus providing free advertising. Producers who establish good relationships with chefs may find that they are able to generate additional sales. For example, the chef may be willing to purchase lower-grade produce for soups, sauces, salsas, and other processed foods.

Some restaurants may demand highly perishable specialty crops. High-end restaurants are sometimes willing to pay whatever it takes for a producer to deliver hard-to-find specialty produce. *A producer may find that offering a product a restaurant cannot get anywhere else is a good way to build new markets.* Growers marketing to restaurants may need to adapt their production system and products to supply exactly what the chefs are looking for.

Squash blossoms and other edible flowers, pawpaws, specialty peppers, organically grown vegetables, raspberries, shiitake mushrooms, and heirloom tomatoes are examples of specialty crops that have been successfully marketed to restaurants by Kentucky producers.

RISKS

The most significant risk when marketing to local restaurants is *losing the customer by repeatedly failing to deliver on time or delivering poor quality product.* A grower simply cannot deliver an inferior product to the chef, who is often purchasing the product for its quality. Similarly, you need to realize that chefs are depending on you to deliver products when you say you will. Failure to communicate with chefs about delays in delivery can result in the loss of a customer.

Fortunately, many chefs understand the risks of producing high quality produce. Chefs may

understand that producers can encounter disease, bad weather, or other production problems; it is just critical that growers take the initiative to notify the restaurant as soon as they are aware of a problem.

Another risk for producers is *slow customer payment.* Some restaurants will pay monthly; others pay on delivery. When Kentucky's state resort park restaurants started purchasing produce directly from farmers in 2004, they advertised payment within a week. Producers may reduce the risk of slow or default payments by having a *well-organized invoicing system* and keeping all accounts current. *Both the seller and the buyer should have a clear understanding at the start of the season regarding how payments*



will be handled. In some cases, a simple contract or written agreement may prove an effective tool for both the restaurant and the grower.

Certain customers may request a grower carry product liability insurance (PLI). Others may presume the grower is insured for product liability. PLI, which usually costs a few hundred dollars for \$1 to \$2 million in liability protection, is one of the most comprehensive means available for protecting yourself from potential product liability when selling to foodservice institutions.

RELIABILITY

Selling Your Produce

Selling to restaurants can be both personally and financially rewarding for growers. Marketing to local restaurants also offers growers the opportunity to develop their direct marketing skills, perhaps leading to other market opportunities. To emphasize our previous points, the two most important factors for successful produce sales

to restaurants are (1) *growing high-quality, tasty crops* and (2) *growing good relationships with chefs*.

Servicing Your Product

“Servicing” your product can be as simple as keeping in regular contact with the chef, or whoever makes the purchasing decisions. In addition to their scheduled delivery time, most growers who successfully market to restaurants are in contact with the chef at least once more per week. Below are other ways growers can “service” produce they have grown.



Provide Product and Seasonal Updates

Restaurants may not only purchase your product because of its superior quality, but also because offering locally grown products is attractive to customers. Providing news about how the produce is grown and how the season is going can provide the restaurant with information useful to marketing its food. It can also help you keep a good marketing relationship going in the face of extraordinary weather or pest problems that might interrupt your planned harvest schedule.

Good Business Practices

Restaurants will appreciate your providing a simple method of billing. Use consistent, straightforward invoices. If the restaurant has the option to pay you by direct deposit using an electronic fund transfer, this will save them the expense of delivering you the check — and could result in quicker payment for you. Some restaurants may also be interested in using third-party payment services (such as PayPal) that are readily available to producers. Restaurants are used to paying wholesale vendors monthly, so

it is realistic to expect a restaurant client to pay you that frequently.

Suggestions for New Products

Once you have established sound relationships with your customers, they will be more likely to consider purchasing new products or services from you. For example, showing a restaurant that you can deliver consistently fresh tomatoes may make them open to trying a higher-priced heirloom variety.

Producer Networking

You may know other producers that offer crops you do not. Suggesting these suppliers to a restaurateur may help them serve up even more local options. Be sure to recommend growers that you are confident will not try to undercut you or sell produce you are already supplying. If there is the opportunity for you to coordinate the transport of these products in a consolidated delivery or at a single time, investigate those options. Chefs and restaurants tend to be favorable to receiving more products in fewer deliveries. Some producers have even added profit to their existing restaurant marketing by charging other growers a reasonable fee for delivering their produce to restaurant clients at the same time as their own products.

MARKETREADY TRAINING

Producers who are considering or developing a market to restaurants can obtain valuable instruction through the University of Kentucky Food Systems Innovation Center’s MarketReady Training Program. Those already selling product to restaurants will have an opportunity to explore ways to improve and expand their business. The unit on restaurant sales includes a panel of chefs and restaurant buyers. Issues such as food safety, insurance, pricing, invoicing, storage, product quality, and traceability risks are addressed during this unique training opportunity. For more information about the program, as well as training locations and dates, visit MarketReady on the Web.

SELECTED RESOURCES

- Food Systems Innovation Center (University of Kentucky)
<http://www.uky.edu/fsic/index.php>
- Kentucky MarketMaker
<http://www.marketmakerky.com>
- Kentucky Proud (Kentucky Department of Agriculture)
<http://www.kyproud.com/Members/index.htm>
- Kentucky Restaurant Produce Buyer Survey (University of Kentucky, 2006)
<http://www.uky.edu/Ag/cdbrec/restaurantsurvey.pdf>
- MarketReady (University of Kentucky)
<http://www.uky.edu/fsic/marketready/index.php>
- ABCs of Marketing to Restaurants (Rodale Institute)
<http://newfarm.rodaleinstitute.org/features/0802/restaurant.shtml>
- Approaching Foodservice Establishments With Locally Grown Products (University of Nebraska-Lincoln, 2003)
<http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1000&context=fpcreports>
- Direct Marketing (ATTRA, 2007)
<http://attra.ncat.org/attra-pub/directmkt.html>
- Fruit and Vegetable Market News (USDA Agricultural Marketing Service)
<http://www.marketnews.usda.gov/portal/fv>

- Local Food Connections From Farms to Restaurants (Iowa State University, Revised May 2008)
<http://www.extension.iastate.edu/Publications/PM1853B.pdf>
- Selling Directly to Restaurants and Retailers (University of California SARE, 2003)
<http://www.sarep.ucdavis.edu/cdpp/selldirect.pdf>
- Selling Directly to Restaurants (University of Wisconsin, 2005)
<http://www.mosesorganic.org/attachments/productioninfo/uwrestaurants.pdf>
- Selling to Restaurants (ATTRA, 2004)
<http://www.attra.ncat.org/attra-pub/sellingtorestaurants.html>
- Selling to Restaurants (Arizona State University, 1995)
<http://ag.arizona.edu/AREC/pubs/dmkt/SellingtoRestaur.pdf>

¹ Woods, Tim, Matthew Ernst, and Jeffrey Herrington. "2006 Kentucky Restaurant Produce Buyer Survey." <http://www.uky.edu/Ag/cdbrec/restaurantsurvey.pdf>

² Zumwalt, Brad. 2003. "Approaching Foodservice Establishments With Locally Grown Products." Food Processing Center, Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln. p. 4. <http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1000&context=fpcreports>

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<http://www.ca.uky.edu/agecon/index.php> (Issued 2005; Revised 2010; Revised 2011)

Photos by Matt Barton, UK Agricultural Communications Services (p. 2);
Scott Bauer, USDA-ARS (p. 1); Peggy Greb, USDA-ARS (pp. 3 & 4)

March 2011
