



California Farm Academy Incubator Program Development: Researching Markets for Beginning Specialty Crop Growers

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Agricultural Sustainability Institute
UC Davis

December 2014

Funded by California Department of Food and Agriculture (CDFA)
Specialty Crop Block Grant: CDFA SCB13017



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INTRODUCTION

With the average age of farmers in the U.S. nearing 60 and a growing interest and appreciation for sustainable local food, there is a need to encourage, support and educate a new generation of farmers. The California Farm Academy (CFA)—a program of the Center for Land Based Learning in Winters, CA—is taking steps to address this need with a seven month training program and a farm business incubator that offers subsidized land for beginning growers to gain practical experience. Farming is a high-risk, thin-margin operation where there is truly no substitute for experience; and even seasoned farmers often find themselves taking one step forward and two steps back. With access to affordable land, capital and water in California so difficult, the barriers to entry for new, less-experienced farmers are very high.

The growth of direct-to-consumer markets, especially farmers markets and CSAs, are great potential channels for beginning growers as these markets offer flexibility in quantity, price and (to some extent) quality. Nonetheless, the direct-to-consumer model requires a considerable time investment and, especially with farmers markets, offers no sales guarantees. In the Sacramento area, there are already a substantial number of farms doing direct-to-consumer sales and beginning farmers might find that market saturated. Thus, as beginning farmers grow and assess their operations, they should definitely consider grocery stores, wholesale distributors, and options for aggregating products, food hubs, etc. as other potential markets.

The challenges and learning curves associated with direct to retail and wholesale markets can be steep for beginning farmers. There are a number of perplexing questions:

- How do I approach the buyers?
- How do I set prices? Will I make enough to cover costs?
- How much product should I promise? How does it need to be packaged and delivered?
- How do I negotiate quality standards? What about traceability issues?
- Do I need food safety certification?
- Are there ways to set my produce and farm apart and preserve the farm identity and character?

With these questions in mind, the aim of the following study and report is to begin to “de-mystify” these markets and give beginning farmers some idea of whether or not, and how, they might approach buyers.

SCOPE

This marketing study explores alternatives to direct-to-consumer market channels for fresh produce in the greater Sacramento area. The primary objectives of the project were to assess:

- Market potential, interest in purchasing
- How to include the farmers' story; importance of a label
- How beginning farmer publicity might occur
 - Use of promotions for particular farmers or farms, perhaps seasonally
- Key conditions retailers need in order to purchase from small growers, especially how to “break into” this market without much track record and with, possibly, small volumes.

Additionally, we inquired with each produce buyer about emerging potential market channels (institutions, corporate offices, other) that beginning farmers might consider—especially those interested in supporting local farms and that may be able to highlight the farmer's story.

METHODOLOGY

The first phase of the project involved identifying and interviewing regional produce buyers— primarily grocery stores, wholesalers, and other new or creative wholesale marketing channels. We focused on businesses likely to be amenable to supporting beginning and possibly small farmers based on their location (Sacramento or Bay Area), website descriptions and farm-identified advertisements. We then conducted semi-structured interviews with the produce manager or buyer from all willing businesses. Our questions focused on sourcing practices, expectations, advertising and past relationships with beginning and possibly small farmers.

The second phase of the project involved interviewing beginning farmers about their experience with these markets and the successes and challenges they have had sustaining relationships with grocery stores, wholesalers, and other market channels. The main purpose of this phase was to discuss the key findings identified in the first phase, hear farmers’ perspectives on market potential and get an overview of what markets they’ve approached, why and, with the benefit of hindsight, whether they might have tried things differently. Also, to slightly expand our scope we included specialty grain production in our farmer interviews.

Because we have such a limited sample size, we do not consider our results to be generalizable; rather, they reflect a snapshot of the regional market at this point in time. That said, we do feel some common trends emerged that are important for beginning farmers in any region to keep in mind when evaluating and approaching markets. It is also worth noting that we did not interview any restaurants, but still feel this is a very important market channel for beginning farmers.

INTERVIEWS

14 Produce Buyers (Mar – Jun)

- 9 Grocery Store representatives (Greater Sacramento Area)
- 3 Wholesale Distributors (2 in Sacramento and 1 in San Francisco)
- 2 Food Hubs (Capay Valley and San Francisco)

6 Sacramento Area Farmers

- Varied experience (2 – 20+ years)
- Varied size (1-200 acres)
- 5 diversified vegetables, 1 specialty grain

FINDINGS

Overview

Overall, our interviews indicated definite possibilities for beginning farmers in Sacramento and Bay Area wholesale direct and distributor markets. The primary challenges for any farmer approaching these markets is meeting the quality and quantity expectations and food safety and liability insurance requirements. In addition, these markets are very competitive—even in the “local” category—making entry very difficult. Beginning farmers will need to differentiate themselves by ensuring exceptional quality or with a unique product niche to get their foot in the door. And, beyond that, there is still a risk for beginning growers getting priced out of wholesale markets by more efficient growers.

All produce buyers stressed the importance of **quality, consistency and communication** as key conditions for beginning farmers to successfully start and maintain on-going relationships with buyers. Additionally, they emphasized that farmers need to know market prices and, crucially, have an idea of what prices they need to make their business viable.

All produce buyers also expressed interest in various ways of carrying and highlighting the farmer’s story. They identified some successes with on-farm labeling such as box logos and twist-ties, but on the whole, questioned whether these labels were the most cost-effective marketing steps for beginning growers. Instead, they emphasized maintaining an active presence as the face and voice of the farm, including possible in-store demonstrations. Displays and signage for specific farms vary by store and, while definitely beneficial, usually are constructed by the store at the behest of the produce manager.

The farmers interviewed identified similar challenges and advised new farmers to start slow and establish a few strong relationships, being careful not to overpromise and paying careful consideration to the difficulty of meeting retail/wholesale quality week in, week out. They also acknowledged the difficulty of meeting quality standards. By and large, both produce buyers and farmers felt that beginning farmers should probably start with direct-to-consumer markets. Direct-to-consumer markets are much more forgiving as beginning farmers work out the solutions to early challenges with microclimates, learning what to promise and when, how to pack and grade, and so on. Struggling to fill orders or not delivering on what was promised early on in a retail or wholesale relationship can jeopardize future sales with not only that buyer but possibly others as well.

The remainder of the report expands on these findings and attempts to faithfully convey the nuance and variability of the interviews while still offering general knowledge and trends that beginning farmers might find informative and useful. Our findings proceed with discussions on overall market potential by market type: direct-to-grocery stores, the wholesale distribution, and other market channels. After the market discussion, we present general findings on publicity and labeling, key conditions identified by produce buyers, tips and considerations for approaching buyers. The first sections predominately reflect produce buyers perspectives and a final section adds the farmers’ perspectives.

Market Potential

Direct-to-Grocery Stores

The direct-to-grocery, or wholesale direct, market segment offers great potential for beginning and small farmers. With the growing interest in the “Buy Fresh, Buy Local” campaign¹, more and more consumers in the area are starting to look for local, farm-identified produce in their neighborhood grocery stores. Although consolidation continues to be the trend in the retail food providers—especially with the rise of Wal-Mart and fewer and fewer establishments controlling a larger percentage of market share—small, independent grocers in the Sacramento Area continue to thrive and often use high-quality, fresh produce and support for small, local farmers as a means of differentiating themselves from the larger supermarkets.

At the interview locations, the ballpark proportion of current direct purchasing varied from nearly all (80-90% of all produce) to very little (<10% of all produce). Nonetheless, all buyers expressed interest in purchasing more direct, local product, even if that was not currently a large portion of their sourcing.

The primary benefits of the direct-to-grocery store channel for beginning farmers are the flexibility on volume requirements and food safety certifications. Of the independent grocers interviewed, only one required a certificate of liability insurance² and none required specific food safety certification at the moment.³ The two grocery chains required a more extensive approval process. For Raley’s recent “Living Local” produce program, producers are required to do a self-audit (using the Raley’s checklist and an eventual visit from a Raley’s employee), provide a C.O.I. with Raley’s added as additionally insured party and maintain an iCiX membership (\$199 a year⁴). Whole Foods, a national grocery chain, requires an Everclean audit for food safety and a C.O.I.⁵ and has all direct producers first get approved through their Regional Distribution Center (RDC).

¹In California, “Buy Fresh, Buy Local” is a Community Alliance of Family Farm’s (CAFF) campaign to connect producers and consumers and help strengthen and promote sustainable local food systems. It is used here, however, as a reflection of the broader consumer movement toward supporting regional and local economies, especially with fresh produce.

² Though they don’t require a certificate, they may still expect the farm to carry limited liability insurance. And carrying some sort of policy (even if not up to \$1 or \$2 million) is worth considering for any farm selling through grocery stores and wholesale channels.

³ The Food Safety Modernization Act may potentially shift these requirements.

⁴ Interviewee expressed possible discounts for the Living Local program

⁵ Unclear from interview if Whole Foods needs to be added as additional insured—no response from Regional Office.

DIRECT-TO-GROCERY STORES: HIGHLIGHTS

UPSIDE

- Relatively low volume requirements (variable, see table 1 in appendix)
- Less stringent food safety and liability insurance requirements (currently)
- Some flexibility in pricing for local products relative to market prices
- Potential to farm-identify and tell story through displays, demonstrations
- Possibility to establish long-term relationship and grow certain crops for the store

CHALLENGES

- Stores often already have established relationship for popular “local” products; more likely looking for very high quality or unique item
- In general, direct prices need to be in ballpark of price from distributor or wholesale
- Produce buyers need clear and effective communication from farmer
- Almost always require delivery to store

Volume Requirements

Importantly, none of the grocery store buyers set standards for volume requirements. The expectations did vary across grocery stores depending on the size of their produce display, whether or not the product would be farm-identified, potential advertisement opportunities and the number of stores to supply. Although we expected the bigger grocery chains to have higher volume requirements, they actually expressed more flexibility than some of the independent grocery stores and both Raley’s and Whole Foods were very open to receiving direct deliveries to just one store. In fact, the produce buyer at the Davis Whole Foods recognized that it is often the farmers who set a minimum delivery amount in order to ensure it is worth their time and fuel to deliver. Nugget Markets, on the other hand, strives for consistency across the stores and prefers to have local growers sell through Nor Cal Foods, their primary distributor.

Pricing

By cutting out the distributor and delivery, the direct-to-grocery store channel offers slightly higher prices than farmers can expect on from wholesalers and distributors. Though, of course, this places the delivery responsibility on the farmer. When supplying multiple stores for a Raley’s or Nugget, there is some possibility for delivery to the regional warehouse or cross-docking but in general, direct grocery store sales require delivery to the stores and likely some coordination with the store on scheduling deliveries.

“ I’ll show them my NorCal price. [...] you are five bucks more a case for what looks like is going to be the same thing ”

– Taylor’s Market

Several buyers and stores also offer a slight premium for local and organic produce, although we did not gather consistent figures. Many buyers stressed that prices need to be in the ballpark of what they could get from their distributor or regional supplier. One independent grocery store buyer emphasized that price differential without a clear quality difference is very problematic. Raley's also expects prices to be close, but said they had slightly more flexibility with unique items and certified organic produce.

“We try to stay as close to market value as we can. But if it is a unique item than we can get away with it. If it's a little different than we can change things up.”

– Raley's

Quality

Along with price, all of the grocery store buyers identified quality as a major hurdle for beginning growers—and for any small, local grower. While most stores expect farmers to conform to published USDA standards for pack and grade, determining quality still has a strong subjective component: “you know it when you see it.” All the grocery stores that buy local and direct do so to ensure high quality, fresh produce and their customers expect that quality every time they come to the store. Thus, several produce buyers expressed that farmers should either leave seconds on the farm or find other market channels. They also stressed the importance of differentiating between farmers' market quality and retail/wholesale quality. Blemishes are often ok at farmers markets but rarely will meet standards for retail and wholesale, with the occasional exception of some heirloom produce.

Though the direct-to-grocery store channel is fairly short from farm-to-shelf, several buyers stressed the importance of shelf life and post-harvest handling. None of the buyers had specific temperature requirements for receiving produce,⁶ but they did identify shelf life—and communication with farmers when product is not holding up—as a crucial component of the relationship. Moreover, one buyer indicated that customers constantly rifle through their produce display and the produce needs to withstand that kind of abuse.

Finding a Niche

Another challenge that emerged in almost all interviews was the saturated local market. With a lot of established and reputable local farms in the Sacramento area, most of the grocery stores already have long-standing direct relationships with farmers for popular local products like heirloom tomatoes, eggplants and leafy greens. Often, the grocery store only needs one or two farms to supply their whole display for particular products all summer. They are not going to abandon trusted relationship just to try someone new. Several buyers stressed the importance of a farmer having something unique or of unsurpassed quality to help initiate relationships. One option is to approach produce buyers before

⁶ Although some of Raley's new producers online material suggests that they do, indeed, monitor arrival temperatures, the buyer we interviewed indicated that the direct-to-store deliveries do not have such requirements.

planting and ask what they might be interested in, but be very clear not to expect a contract (see Approaching Buyers section).

Specialty Produce

The few specialty markets interviewed were very interested in building relationships with local growers for specialty produce. For instance, Corti Brothers—a specialty Italian market—thinks there is a lot of potential for items like spring nettle, hard neck garlics, etc. Oto’s Marketplace, specializing in Asian produce, identified many items (e.g. Japanese cucumbers, long beans, kokabu, kabocha, shungiku, gailon, for example) they would be interested in buying locally if they could find a consistent producer. Currently, they buy the specialty products through the Oakland produce market, but are very interested in supporting local farmers and procuring very fresh produce.

Specialty ethnic produce is a great potential niche for beginning farmers, but requires some trial and error in the field and lining up those production possibilities with the market. Based on our small sample size and phone calls, we found that interest in local product and price flexibility is very store specific.

Overall, there is a lot of potential for beginning farmers to explore the direct-to-grocery store market, though it can be difficult to initiate relationships. All the buyers expressed interest in establishing long-term relationships and developing reciprocal trust in which they have faith in the quality and timing of a farm’s produce. From that point on, they are more likely to work with a farm throughout the year, encourage and support the farm to try some new or specialty products just for their store and do in-store farm identification, profiles and demonstrations.

Wholesalers and Distributors

Small, beginning growers may believe the wholesale distribution market channels are completely dominated by large, industrial farms and requiring such high volumes and low prices that they simply cannot compete. Yet, all the wholesalers interviewed stressed that this is just a partial view of the market and encouraged small and beginning farmers not to completely dismiss wholesalers as potential outlets. Wholesale distributors are always seeking ways to set themselves apart from other distributors. For those interviewed, a strong local, organic supply to sell to restaurants and grocery stores may help with that unique competitive niche. With that said, it is important to note that there is little downside

“Like Japanese turnips [...] mizuna. Shangiku, which is basically like chrysanthemum leaves. [...] These kinds of things they do well for us. And they move. As well as kokabu, a Japanese turnip. Those are the kind of things that we aren’t always able to get all the time. Local spinach with the roots.”

– Oto’s Marketplace

for the produce buyer to “express interest” and beginning farmers need to be very cautious in approaching these markets.

WHOLESALERS & DISTRIBUTORS: HIGHLIGHTS

UPSIDE

- All wholesalers/distributors interviewed encouraged beginning and/or small farmers not to completely disregard wholesale markets
- Generally, they can move large volumes of product.
- Depending on location and amount of product, some will pick-up at farm.
- All buyers interviewed definitely looking to build long-term relationships with farms

CHALLENGES

- Price: often competing with terminal market prices and large, cost-efficient producers.
- Establishing initial relationship can be difficult
- Postharvest handling crucial: Could be up to a week before product hits shelves.
- More difficult to farm identify/carry story to grocery shelf or restaurant table (but possible)

Volume Requirements

None of the three wholesale distributors identified specific volume requirements and thresholds and all were open to the possibility of smaller volumes. That said, one buyer stated that they worked with everyone from large farms to 25-acre farms in Winters, CA. So, very small (i.e. ½ - 5 acre) diversified vegetable operations likely will have trouble maintaining enough production for entering and maintaining long-term relationships with these wholesalers. But as beginning farms find access to more land or slowly expand their production, they may think about exploring wholesale markets. There is the potential to move more volume, possibly mixed pallets at a time. Once the relationship is established, selling at least some of their production to a wholesaler may help reduce risk for farmers thinking about or starting to plant more acreage. One wholesale distributor, Veritable Vegetable, operates on a model of supporting diversified growers throughout the season as much as possible.

In addition, two of the three wholesale distributors do occasionally pick-up from farms, though it is fairly rare with their smaller producers. Having a diversified product selection and the ability to fill a mixed pallet is very helpful for both sales and pick-up. Generally,

“With really small growers, we’ve found that a diverse amount of offerings is great. Because I might not be able to fit you in—say buy a pallet of romaine from you—but I can buy four boxes of this, four boxes of that, four boxes of something else. Enough to make it worth our while to stop a truck there.”

– Veritable Vegetable

smaller producers need to be on, or close to, established routes and need to have a loading dock or forklift and enough space for a delivery truck to turn around. Also, organizing a pick-up adds to the investment and risk for the buyer so if the pack and quality is not up to standards, it will certainly jeopardize potential future sales.

“Breaking In”

With terminal markets and brokers bringing in produce from global markets, it can be difficult for any grower to start selling to a wholesale distributor. Moreover, all the wholesalers interviewed pride themselves on supporting the local food system and thus, already have established relationships with small to mid-sized farms in the area, especially the Capay Valley. They are still interested in talking with any new producer, but beginning farmers should be aware of the competitiveness of the market and consider what makes their farm and product different before approaching wholesale buyers. For instance, two of the three wholesalers specifically pointed out that they really do not need any more heirloom tomatoes—unless the quality is truly unparalleled.

Having specialty and niche products are great ways for growers to help initiate a relationship and wholesalers are more likely to try something on a trial basis when they cannot get it anywhere else. Again, carrying unique products helps set the wholesaler apart in the competitive world of produce distribution. Two of the interviewees recounted success stories of producers bringing in small quantities of unique items. Veritable Vegetable, a primarily organic purveyor, unexpectedly found some organic jicama—apparently a very difficult item to find organically—on the front seat of a truck farmer trying to move marginal quality tomatoes. With their strong demand for organic jicama, they were willing to take the farmer on as a producer and even tried to support him by buying his other products as much as possible. Nor-Cal Produce similarly highlighted recent purchases of small quantities of mulberries and golden raspberries as success stories with smaller producers. Produce Express, a regional produce distributor, has a farm-identified sales program primarily for restaurants and caterers that deals in smaller volumes than the distribution warehouse.

Pricing

The complexity and constant flux of wholesale produce market pricing is certainly a challenge and source of discouragement for beginning growers. There are plenty of online resources for current wholesale prices (see Resource Guide in Appendix). However, 2 of the buyers stressed that there is no substitute for calling around to regional produce houses. Regional markets for products vary and the online tools for organic pricing are less developed. All 3 wholesalers were open to receiving such calls and offering information to beginning growers. They suggested that other wholesalers and distributors are generally transparent about current prices. When products are not branded as local, farmers need to keep in mind that they are competing with the large growers throughout the state, and globe, and may not be able to compete. When they are trying to sell through the farm-identified wholesale channels, they are still competing with established local farms. In the Sacramento area this includes established farms like Capay Organic, Full Belly Farms, Terra Firma, etc.

One buyer adamantly discouraged undercutting the market just to get a foot in the door and start a relationship. While the temptation to try and move product at a loss when a farmer has excess or cannot find a home for ripe, ready-to-go produce is strong—especially if this might help establish a relationship with a buyer— it dumps product on the market for everyone else and is not a successful long-term strategy. Moreover, it does not help build trust with the buyer.

Post-Harvest Handling

Proper post-harvest handling is a crucial component for wholesale and distributor markets and a possible constraint for beginning farmers. Because products may sit on the distributor shelf for a couple days and then take a few days in transit, it may be up to a week before it hits the shelves of the retailer or restaurant. And, even then, it needs to hold up on the retail shelf for a couple days and then in the consumer’s fridge for a couple of days. Thus, following proper post-harvest procedures is crucial to maintain a long-term relationship in this market channel. First and foremost, this requires removing the field heat from products. Beginning farmers probably need access to a cold storage facility or have the ability to pick at night if they want to pursue wholesale buyers. Moreover, some products (e.g. corn, broccoli) require icing and farmers may need to own or have access to that type of equipment. While only one buyer expressly stated that they check temperatures on product arrival, it is a common industry standard. The Raley’s grocery store chain pamphlet material indicated similar standards, but the “Living Local” program representative stated that they do not have such stringent standards for direct deliveries.

Product shelf life is a crucial component of direct-to-grocery store sales as well, but the shorter supply chain adds a layer of flexibility. Several produce buyers stressed that farmers should always pay close attention to shelf life, and possibly keep a box in their fridge or cold storage to see how well it is holding up. In addition, they need to recognize that even when produce leaves their farm in great shape, it may not look nearly the same when it reaches the final location. Thus, openness to receiving and acting upon feedback about quality is crucial in any relationship. Moreover, farmers may have to adjust harvest ripeness and possibly even varieties in wholesale channels to extend product shelf life.

POST-HARVEST HANDLING

Any farmer approaching wholesale distributor markets must have very solid post-harvest handling practices, which often requires infrastructure. There are a lot of online resources available for handling procedures, temperature, timing and equipment (see resource guide), but here are a few critical considerations:

- Must be able to remove field heat. Need access to cold storage or the ability to pick at night.
- Some products need to be iced or hydro-cooled after packaging and before delivery
- Handling procedures require produce shipments cannot touch floor, or even a truck bed. Need to be placed on a pallet.

Other Market Channels

The recent rise of food hubs (facilities for aggregating regional products) and farm-to-institution sales both potentially enable restructuring of produce distribution channels to support small, local farmers. While the definition of a food hub is still contested, they usually refer to enterprises “facilitating the aggregation, storage, processing, distribution, and/or marketing of locally or regionally produced food products” (Barham 2011, p.6)⁷

There is a considerable amount of exploratory research on the feasibility of regional food hubs from area non-profits, counties and the USDA (see Resource Guide in the appendix) and beginning farmers should definitely be aware of these movements as potential future market channels even if there are not tangible outlets in their area at the moment. For example, the Agriculture and Land-Based Learning Association (ALBA) has built a successful hub and brand (ALBA Organics) for recent graduates and affiliated farmers. Farm-to-institution programs in hospitals and schools that source local produce are also increasing throughout the nation. We identified a few innovative, existing market channels in the area to interview for this project: two very different food hub models and one interview with a statewide non-profit closely involved with local sourcing projects at area hospitals.

Good Eggs

The unique food hub with online sales model of Good Eggs recreates the feel of farm-to-consumer through a farm-specific online marketplace. Customers select produce, dairy, meat and other value-added products from the farm’s online profile—called the “webstand”—and constantly updated availability list. Farmers deliver to Good Eggs’ San Francisco warehouse where Good Eggs packages each customer’s order and deliver it. With a model that aggregates products, they have no volume limitations on either end; however, with farmers required to deliver, the quantity needs to be big enough to make it worthwhile for the farmer. They do have quite a few farmers in the Sacramento area, so there are definite possibilities for shared deliveries.

If the frequent deliveries are not a problem, Good Eggs is a great potential outlet for small or beginning farms looking to build a name and reputation in the Bay Area. The farms are able to manage availability, control their “webstand” profile and also set their own prices. Good Eggs simply takes a standardized transaction fee off of each purchase. Thus, farms can connect directly with the customers. Website interactions perhaps lack some of the authenticity of in-person, face-to-face connections such as at a farmer’s market; however, the farm-identified sales can help spread a farm’s name through the greater San Francisco food world and possibly lead to other relationships.

⁷ Barham, J. (2011). Regional Food Hubs: Understanding the scope and scale of food hub operations. Washington, DC: USDA AMS

There are still a few challenges for farmers in the Good Eggs model. In addition to the deliveries, Good Eggs also require a one million dollar limited liability policy with Good Eggs added as an additional insured party. Depending on the farmer's policy, this can be cost prohibitive. One farmer stated that adding Good Eggs onto his policy would have cost about \$500 and, for him, simply was not worth it for the amount of expected yearly sales (F04). Also, the farmer needs to manage the webstand and predict and set availabilities and prices. The Good Eggs team is eager to help facilitate the process and make it as seamless as possible, but it still requires a time commitment and flexibility from the farmer. Furthermore, like all market channels, their buyer stressed quality as a crucial component of their decision to work with new growers.

Capay Valley Farm Shop

The Capay Valley Farm Shop (CVFS) is a majority producer-owned rural food hub that coordinates produce from over 40 farms in the Capay Valley and sells through a CSA, institutions and wholesaler distributors. By aggregating diversified products and maintaining a strong local identity, they are able to reach a broad array of markets otherwise inaccessible to many of the producers, namely institution, distributors and corporate offices. Moreover, by taking on most of the distribution, marketing and delivery, the Farm Shop frees up the farmers to focus on farming. And the CVFS also maintains a website and a strong farm-identity presence throughout the chain.

The CVFS sources almost exclusively from the Capay Valley for their CSA baskets, supplementing only a few grains from outside the area. That said, they actively work with and support beginning growers in the area and some of the other market outlets or partnerships may be a possibility even if the farmer is not in the Capay Valley.

GOOD EGGS: A CASE STUDY

Good Eggs is a food hub model that sells and delivers farm-identified produce, meat, dairy and value-added products through online orders. Currently they are in the SF Bay Area, Los Angeles, New York (Brooklyn) and New Orleans.

OPPORTUNITIES

- Profile is placed front and center in the online marketplace, so lots of exposure and possible future connections in Bay Area.
- No start-up cost to register, so relatively low risk.
- Set your own prices and can command a premium (Good Eggs takes a flat fee).

CHALLENGES

- Requires frequent deliveries into city of San Francisco.
- Farm needs to manage online web-stand with availability and prices
- No guaranteed or set amount of produce. Everything purchased by consumer in a just-in-time model, but able to set ceilings on availability.

Farm-to-Hospital

The farm-to-hospital channel is a slowly emerging market, recognizing that many healthcare organizations are highlighting the importance of diet and fresh produce. That said, our interviewee—who works for a non-profit that helps facilitate local healthcare produce sourcing—stated that the direct-to-hospital channel is very small. The vast majority of produce sourcing in hospitals happens through wholesale distributors and is likely to remain that way with the structure of liability insurance. Thus, farm-to-hospital presents very similar challenges to the rest of the wholesale/distributor market.

We still identified some possibilities for beginning and small or mid-size growers in this market segment. For instance, farm aggregators—e.g. Coke Farms out of San Juan Bautista and the Capay Valley Farm Shop—play an active role in providing produce for area hospitals. Also, there are some opportunities in fresh-cut processing and providing unique sizing to fit hospital standards but there are considerable challenges with this market and it may not be the best first step for beginning farmers.

Farm-to-School

Farm-to-School is another potential institutional route for beginning farmers, and may have more potential for direct sales and flexibility in volume than the Farm-to-Hospital channel. We did not include any school districts in our study but Ohmart's (2002) study of pilot salad bar programs in Yolo and Ventura County indicated successes in the payment logistics, consistency of ordering and delivery and low additional costs for farmers to supply school districts. That said, farmer's did not see demonstrable increase in income (though they were all established farms) and cited administrative hurdles as another challenge. For more information on current Farm-to-School trends, see:

<http://www.sarep.ucdavis.edu/sfs/programs>

Publicity and Labeling: Telling the Story

Marketing and Promotion

None of the buyers interviewed identified a distinct premium for the beginning farmer story beyond local or organic. That said, several grocery store buyers felt that their customers are interested in any direct farmer story and highlighted several possibilities for farm-specific promotion. Most of the display and promotion takes place in stores and are initiated by the produce manager. Moreover, all the grocery stores encouraged the possibility of in-store demonstrations as a great way for farmers to advertise their stories and connect with both store customers and staff. In wholesale

“Pick your farm name right. Pay attention to that because it is something you are going to live with for a long time and it has a real opportunity to help you tell your story. So really invest the energy and time to think that through.”

– Wholesale Buyer

channels, carrying the farm story throughout the supply chain is slightly more difficult, but all the distributors interviewed certainly do farm-identify and value that relationship. In fact, one wholesaler (Produce Express) distributes farm availability sheets to restaurants and acts as the middleman in a direct-to-restaurant chain.

Websites, social media and online presence also came up in several of the interviews. Two stores do online profiles of their local farm suppliers and also provide links to farm websites and social media profiles. In addition, the innovative virtual food hub, Good Eggs, is entirely an online marketplace and farms are required to maintain a profile and up-to-date availability—which helps strengthen the consumer-to-farm link and allows consumers to build relationships with specific farms.

Labeling and Logos

Overall, on-farm labeling was not considered crucial for beginning growers looking to develop retail and wholesale relationships. While buyers indicated that anything reinforcing the farm story in the marketplace is helpful, several felt that box logos and labeled twist-ties were probably not worth the expense—or, at least, should not be a high priority for beginning farmers just starting out. Several grocery stores did, however, mention that they often use labeled packaging boxes to help build displays, especially if they are farm-identifying the product in the store. So farmers

selling farm-identified produce to grocery stores may want to consider discussing this possibility with the produce buyer or manager. Placing sticker logos on boxes is often a cheaper alternative to printed labeled boxes.

Although beginning farmers may not want to invest a lot of initial resources in labeling, one buyer stressed the importance of spending time developing a logo and name for the farm. This can often be an afterthought for a farm trying to get going, but quickly becomes a part of the farm's identity and ideally has enough meaning to the farmer that it is something they are excited about representing them in the marketplace. There is



Labeled boxes are often used to create produce displays. While they may not be the most cost-effective first step for a beginning grower, down the road they can be very useful to reinforce the farm and brand.

similar potential with the logo, which can help symbolize the personality of the farm.

Ready-to-Purchase Packaging

In a few instances, ready-to-purchase packaging came up as a possible avenue for marketing produce. Both Nugget and Good Eggs cited successes with that type of packaging, specifically, for mandarins and greens. For the mandarins, the recent “cutie” craze and convenience of picking up a multiple pound bag of citrus in the store, led to 3-pound packages of mandarins. These size packages are an opportunity for the farm to brand their farm name with a logo in the consumer’s mind and associate it with that product at that time of year. However, most beginning farms may not be able to invest in the infrastructure and packaging or have the volume to make that sort of packaging worthwhile. For greens, it may be a different story. Packaging leafy greens and salad mixes on-site also adds additional documentation and requires a third-party GAP audit.



Demonstrations and Display

Most retailers recommended sharing the farm story in as many avenues as possible and emphasized that the farmer speaking about his/her respective farming practices, history, etc. is the best way to convey their story to the consumer. From that standpoint, in-store demonstrations are the most direct way for farmers to share their story in grocery stores. And it provides the opportunity to connect with the store staff as well as the consumers.

Labeled, ready-to-purchase bags are also great marketing possibilities, especially in with fruits and leafy greens.

All grocery stores interviewed already do some demo days, and are open to and excited about the prospect of doing more. Fresh fruit is often the best demo product, but the stores expressed interest in doing more vegetables—including raw, cooked or accompanied with other products (dips, salsas, etc). Two buyers cautioned against sending someone affiliated or employed by the farm and not particularly familiar with the farming practices or stories. In addition, several buyers noted that demos are not at all

a required component of the relationship and really depend on the farmer's personality and interest in doing them.

A few grocery store buyers—even when buying farm-identified products through wholesale distributors—do posters and extensive profiles in store at various times, but have to know that they will get the product for a long enough period of time to make it worthwhile to create the displays. While they use the logo and may ask for pictures or a few words about the farm story, for the most part, the produce display and profile is the domain of the store and produce manager. Once farmers have an established relationship and know their produce is farm-identified in the store, they can ask about in-store advertisement possibilities. The independent grocers with smaller produce displays are also open to some form of display with popular products, but cited space as a major limitation.

Websites and Online Presence

Websites are a cheap, cost-effective strategy for branding a farm and providing a visual story for buyers—direct customers and produce buyers alike—but overall were not considered a necessity by produce buyers. In fact, the level of interest in online presence seemed to depend on that establishment's level of online marketing. Some grocery stores and wholesalers do describe their sourcing practices on the website with a map or brief description of the farm. In that

instance, having a website link can help customers learn more about the farm. Additionally, one buyer brought up social media and facebook as a great tool and a way that they advertise farms and provide a narrative for customers. The Good Eggs virtual marketplace requires the greatest online presence—as all sales occur through the “webstand”—and the clearest opportunity to advertise a farm's story online.



A hanging farm profile of Terra Firma Farms in the Davis Nugget Market produce department. These types of farm profiles are usually created by the produce or marketing department at the store and only after a consistent relationship has been established. However, having a few possible pictures and a brief farm summary on hand can be very helpful and expedite the process.

Key Conditions for Maintaining Market Relationships

Maintaining productive, fruitful relationships with produce buyers requires setting and meeting clear expectations. As one produce buyer stated, beginning farmers simply need to “deliver upon what they say they are going to deliver” (R01). This is especially important early on, as a few bad orders can derail

a farm’s reputation in the area. All produce buyers identified the same key conditions—often using the exact same language—for beginning farmers to thrive in wholesale sales⁸: **quality, consistency, and communication.**

Quality

All the produce buyers interviewed for our study stressed that understanding, maintaining and consistently delivering retail/wholesale level quality is crucial for any farmer looking to develop relationships. Several highlighted that beginning farmers must learn the difference between farmer’s market quality, where a few blemishes may be acceptable, versus the standardized aesthetic that buyers and customers expect in retail settings: “So a lot of times, one of the big issues I have with the little farms [...] is there is a difference between retail quality and what will sell for you at the farmers market”(R02). Several buyers strongly encouraged sending pictures when a farmer is not sure if the product meets the buyer’s standards rather simply packing it and hoping for the best. The specialty and independent grocery stores often use consistently high-quality produce as a way to help build a relationship with their customers and want their customers to be able to expect the same level of quality each time in the store. Moreover, they want very standardized quality within each order so customers do not dig through the produce searching for the best product.

All buyers indicated that beginning farmers need to familiarize themselves with USDA pack and grade standards, from typical box size, “case” weight (or number of product per box, as with a lot of fruit), to product sizing and grading. That said, while the majority of the direct-to-retail and, especially, wholesale market expects very standardized, interchangeable pack and grade, several buyers indicated that there are slight variations and encouraged farmers to ask buyers about their respective expectations.

“So a lot of times, one of the big issues I have with the little farms [...] is there is a difference between retail quality and what will sell for you at the farmer’s market.”

– Sacramento Natural Food Co-op

FRESH PRODUCE: PACK & GRADE

Most wholesale direct and distributor sales follow standardized USDA Pack and Grade for fresh produce (see resource guide) and most pricing information comes in the standard pack unit(s). However, there is still some slight variability depending on the store so be sure to check with the buyer before delivery.

⁸ This includes direct-to-grocery stores, which is technically selling “wholesale” although this report differentiates it from selling to wholesalers or distributors because the requirements are often different.

Consistency

In addition to simply meeting quality standards, all buyers emphasized that quality needs to remain consistent throughout the growing season. This implies maintaining consistently clean packs, consistent produce sizing, and consistent quality. Most of the buyers interviewed stated that they understand quality or sizing can suffer toward the end of the season, but feel that farmers need to pull it off their availability list at that point rather than promise something they cannot deliver.

Many buyers additionally stated that once they have seen a farm consistently deliver and know what they are going to get at the store, the relationship could become a little more flexible on purchasing arrangements and delivery timetables. Additionally, they are more inclined to sit down with that farmer before the next growing season and talk about planting decisions, and possibly encourage the farmer to plant some unique produce or varieties just for the store. Overall, we found that consistently delivering clean, quality product is the best way to secure long-term market relationships.

Communication

Maintaining an effective line of communication came up in each interview—be it phone or email. Clearly communicating how much product the farmer will have, for how long and when it can be delivered, is crucial—and then following through. All the grocers source from a combination of wholesale distributors (including NorCal, Produce Express, and Veritable Vegetable) and direct from farmers. They need to have some idea what to expect from a direct delivery so they can adjust their wholesale purchases. This is especially important with the smaller independent grocers like Corti Brothers and Taylors Market. Moreover, all buyers expect clear communication channels when something unexpected happens in the field and the farmers cannot deliver the quality or quantity. They also want to see a productive feedback loop when quality or pack is not up to standards. Several buyers empathized with the on-farm difficulties, and also recognize that sometimes a farmer takes on new employees or interns and cannot be everywhere at once and things happen to compromise a shipment. So long as a farmer is willing to listen to the feedback from buyers and make clear strides to adjust for the next order, the buyers are willing to continue working with that farmer.

Basically, buyers need to have produce 24-7, 365 days a year and it needs to meet the quality expectations of their customers. This is a big logistic puzzle for any buyer, be it a distributor or a grocery store, and farmers' simply need to recognize that the easier they make it on the buyer through clear communication, the more productive their relationships will be.

Approaching Produce Buyers

While each produce buyer and organization has their own idiosyncrasies, we did identify a few common threads on the sort of information they look for in the first approach or conversation. Also, for beginning farmers a little hesitant to make a first approach, it is important to reinforce that every buyer interviewed was very interested in speaking to and possibly developing relationships with new farmers.

Additionally, most expressed an interest in encouraging and helping new, beginning farmers thrive in the retail/wholesale market channels.

“What to Grow”

The majority of the buyers expressed some concern about farmers approaching them before planting and asking what they might be interested in buying. While all were open to talking before the product is ready, or even before planting, and understand this is a helpful way for the farmer’s to gauge the market, several did not like to be asked explicitly “what should I grow?” Buyers, in general, do not want to set any expectation that they will definitely buy the product before knowing the quality, timing, price, etc. Furthermore, the buyers prefer to see a farmer come to the table with an idea of what they can grow based on experience, climate and soil.

All that said, almost all the buyers expressed an interest in unique or specialty items and are open to talking about and exploring those sorts of products, but generally want to see that a farmer can deliver before getting too involved. Additionally, most of the buyers are open to talking with farmers about the kind of things they are often need—just so long as it is very clear during the conversation that they are not making any guarantees to purchase when the product is ready.

Based on our interviews, approaching buyers before planting has some positives and negatives. On the one hand, it is a great way for farmers with limited exposure to the marketplace to get acquainted with the language of the industry and the possible market opportunities—and buyers in our interview recognized that fact and all were willing and interested in having those types of conversations. On the other hand, several were adamant that they did not want to give the impression of promising to buy sight unseen. So, in general, the more planning and homework a farmer can do on what they can grow and want to grow, the more productive an early conversation with a buyer.

“And so that is something I really don’t enjoy is when people ask me what to grow. What I say is do your research. What grows well in your area? What do you grow well? What are all your neighbors growing? It is a big one. If all your neighbors are growing it, then it is probably not the best thing to grow.”

– Veritable Vegetable

First Meeting

Ideally, the produce buyers like to know the following; what type of product a farmer will have, how much, for how long and when it will be ready. Moreover, several buyers noted that they like to hear about future plans and what kind of long-term relationship a farmer is looking to develop. Is the farmer looking to continue the relationship the following season? Is he/she planning to grow and will have more product?

Prospective seasonal availability sheets are also good to give to the buyer as they demonstrate a level of planning, provide the buyer with something to help forecast, and they leave a document with the farm's name on it to help reinforce the relationship.

Approximate price ranges can be also be helpful to gauge if the relationship is even a possibility for both parties.

Product in Hand

All buyers indicated that they would not make a first-time purchase without product-in-hand. So, anytime a producer is looking to make a final sale, they need to bring in several samples. Most likely, the farmer will want to do this a few times as the product is getting close to being ripe so they have some time to coordinate sales. This is also a good time to ask if the buyer has any pack and grade preferences that vary from the USDA market standards.

Setting Prices

All buyers stressed the importance of farmer's setting clear prices and knowing a break-even price before trying to make a sale. Several buyers

APPROACHING PRODUCE BUYERS

CHECKLIST

- I. Know Your Story
 - What makes your farm unique?
 - What can you grow?
 - What are your future plans?

Possible one-page handout about farm

- II. Know the market outlet
 - About how much product do they move? Or how big is the produce department?
 - Do they carry any farm-identified produce?
 - What prices can you expect? How do they compare to your break-even.

Track down comparison prices for location or market type.

- III. Know what you want to sell
 - Even in an exploratory meeting, have some products in mind
 - Think about when products will be available and how much you are looking to sell.

Bring a seasonal availability sheet.

- IV. Know the quality expectations.
 - Make sure you feel comfortable with wholesale/retail quality and required pack standards.

Bring product in hand if looking to make a sale.

also stated that they prefer to see the price written out, so having some sort of availability/price sheet can be very helpful. Thus, knowing the costs from seed to delivery is a crucial first step in pricing. This can often be difficult for beginning farmers still getting a feel for their operation (not to mention the unpredictability of water or other costs). However, from the buyers' perspective, this is a necessary part of building the relationship.

With that price in mind, buyers identified several routes for determining current market prices. There are several online resources for current terminal market pricing (see resource guide), however a few buyers indicated that these resources are less developed and consistent for organic pricing. The consensus from the produce buyers interviewed is that there is no substitute for calling wholesalers, distributors and calling or visiting grocery store buyers to gauge current prices. All wholesale buyers indicated they are very open to receiving and answering pricing inquiries. When visiting grocery stores, farmers should keep in mind that the retail mark-up is generally around 30-40%.

Two other important pricing considerations emerged in the interviews. One wholesale buyer adamantly discouraged farmers from undercutting the market in order to get their foot in the door. In addition, several buyers expressed that farmers need to know what makes their product unique— the quality, the story, farming practices, the location, organic certification, or some combination should be clearly communicated. Having a way to both articulate and demonstrate this unique character helps allow the farmer to differentiate their product from the rest of the market, and partially set their own prices. There is often more pricing flexibility in the direct-to-grocery store channel than selling to wholesale distributors.

Follow Up

Several buyers recounted experiences of farmers approaching them once and then never following up. Thus, beginning farmers looking to build a relationship need to be proactive and stay in contact. After an exploratory first meeting, farmers should ask the buyer how soon they want to be contacted before the product is ready. In addition, it is important to touch base on how they like to be contacted (email, phone), when (wholesaler and distributors generally work early in the morning), and how often as the relationship develops.

Farmer Perspective

The second phase of our project involved interviewing beginning farmers in the area to get a sense of their experience with direct-to-grocery, restaurant, and wholesale markets, the challenges they've faced, and any advice they might have for new farmers looking to pursue those markets. Throughout the interviews, we identified four important threads for new farmers to consider in approaching markets: **start slow** and focus on a few initial relationships, **don't overpromise** and have to be constantly scrambling to make sure you will have enough product to fill orders and **understand the quality** standards for retail wholesale markets as well as individual restaurant expectations.

Wholesale Caution

An experienced, diversified farmer in the area strongly emphasized that beginning farmers should be very cautious in exploring wholesale markets for a number of reasons. First and foremost, these markets are very competitive and beginning farmers will be competing with more experienced, bigger and more efficient producers. This completion holds especially true in the wholesale distributor markets, where prices fluctuate rapidly and bigger farmers are far more capable of taking a hit and weathering a period of low prices.

Additionally, this farmer echoed the sentiment that one should never expect any sort of formal agreement from a produce buyer. From his perspective, produce buyers have very little to lose in expressing interest, and will often say things like “I never get enough purple carrots or de tapo melon.” Those statements should not be considered even an informal purchasing agreement, and a beginning farmer should not necessarily plant that product with only that specific buyer and sale in mind (though it still might be a good product to pursue).

Moreover, even the flexibility of direct-to-grocery store markets can be challenging. The relative demand of these stores for niche products can potentially be very small—i.e. less than a 200 ft. bed—and beginning farmers should carefully consider the field management perspective before entering any relationships.

Start Slow

The majority of the farmers interviewed highlighted the importance of starting slow, and building a few strong relationships to start. Wholesale and retail relationships are hard to maintain for any farmer, especially beginning farmers, and focusing on just a few initial relationships can help ensure the quality, communication and consistency needed for these relationships to thrive. With just a few outlets, the farmer will likely need to have some other direct-to-consumer outlet for the rest of the farm produce. All of the farmers in our study cited farmers’ markets as a great supplemental (or primary) avenue in this type of arrangement.

In fact, one farmer worked on a farm where overextending and selling to too many grocery stores and restaurants played a strong role in forcing the farm out of business. In retrospect, he felt that establishing very productive relationships with just a few grocery stores, or finding a partner restaurant to take diversified produce and tailor their menu to the farm would have potentially helped sustain the farm. These sorts of partnerships may be challenging to find and establish, and require a lot of proactive legwork on the part of the farmer. Yet, if done right, the relationships can thrive.

Additionally, while direct-to-grocery store sales and wholesale sales generally require less time than sitting at a farmers' market or coordinating a CSA, they still almost always require delivery. Thus, two of the farmers stressed having to think about opportunity costs when driving around for a bunch of small deliveries—it may not be worth the time investment. Flexible and low volume requirements can definitely help small farmers get their foot in the door, but overextending the amount of deliveries can also be a detriment.

Don't Overpromise

Two of the farmers also stressed the importance of not overpromising on orders. Retail and wholesale quality can be tough to maintain. It requires consistently delivering week in, and week out, and scrambling to fill orders can cause a lot of anxiety and stress. Moreover, scrounging for enough chard, kale, radishes, etc. to fill an order can take a lot longer when there is very little left on the farm. The time spent may not be cost-effective. This will all vary by farmer and farm, but are worth considering for any beginning farmer pursuing retail and wholesale relationships.

Most buyers are not interested in one-offs or one week of deliveries and are not going to try a new producer when they already have established relationships. So finding a small, low risk entry point where a beginning farmer can consistently deliver and slowly build a relationship is key.

Specialty Grains

With several 2014 California Farm Academy students interested in specialty grains for either primary production or as a rotation crop, we also decided to interview a specialty grain producer operating on about 30 acres in the Sacramento Valley and self-milling and cleaning in the Sierra Foothills. Although we don't have the buyer perspective to compare, the grain farmer listed a considerable number of challenges in specialty, small-scale grain production: the price of professionally cleaning small batches, the amount of and expense of harvesting equipment, price of packaging/labeling for direct sales, and limited consumer knowledge and interest for some specialty grains in the CSA model.

Overall, the farmer has not found a well-developed demand for local grain—or at least, not enough of a demand to command the sort of prices he needs for a profitable enterprise. However, he does see potentially for grains in rotation on diversified farms, especially when equipment is shared, or a few farms pool together for professional cleaning. Burgeoning organizations such as the North Coast Grain Growers Network and the Community Grain Project (Bay Area) are possible resources for that sort of collaboration.

CONCLUSION

This project hopes to convey a brief set of insights and a toolkit for beginning farmers as they start thinking about if, when and how to start approaching non direct-to-consumer market channels. Overall, the challenges and barriers of selling produce wholesale may not be the best place to start for beginning farmers still learning the intricacies of their soil, feeling out their business plan and growing accustomed to the time frames and unexpected character of each season's harvest. That said, if they do decide to pursue those markets at some point, they should start with just a few commitments and make sure those relationships get off on the right foot. As beginning farmers grow and get a little more experience, there is a lot of potential to explore direct-to-grocery store and wholesale distributor channels. Moreover, there is potential to carry and highlight their story in these markets—and a lot of grocery stores and even distributors are looking to advertise that story.

Basically, a farmer trying to establish relationships with any type of produce buyer needs to be able to confidently answer a few key questions: Do I have a very clear idea of what the buyer expects from me in terms of quality, quantity, timing and price and can I deliver it? Can I maintain the relationship and provide consistent deliveries? And do I have a clear line of communication that I can maintain with the buyer and address any questions or concerns that emerge? And, if looking to farm-identify, do I have a clear, articulate picture of my farm's story and what makes it unique?

APPENDIX

Table 1: Summary of Grocery Stores and Buying Requirements

Organization	Type	Volume*	Other Requirements	Comments
Nugget Markets	Independent Grocery, 9 stores	High	No	Prefers to buy through NorCal, not a lot of direct relationships.
Sac Ntl Foods Coop	Independent Grocery	Mid	Organic	Buys 80% direct, but already have lots of established relationships so probably need a unique product.
Corti Brothers	Independent Grocery	Low	No	Appreciates flexibility/quick deliveries early in relationship.
Taylor's Market	Independent Grocery	Low	No	Price needs to be reasonably close to NorCal, clear communication and follow-up.
Whole Foods (Davis location)	Supermarket - National	Low-mid	Everclean audit, COI	Can deliver direct to just one store. Especially looking for unique/specialty fruits. Davis location has small produce section, Roseville more likely to try new things.
Lorenzo's Market	Independent Grocery	Low	COI	Produce manager not the produce buyer. Open to buying local, but need clear communication from growers (has been a challenge in the past).

Raley's	Supermarket - CA, NV	Low-mid	iCiX compliance: COI, Food Safety self-audit	Actively looking for more direct growers to join the "Living Local" program (w/in 50 miles of store). Some cost to joining iCiX and paperwork involved but encourage growers to build a relationship
Oto's Marketplace	Independent Grocery	Low	No	Open to supporting local as much as possible, but not as interested in organic. Definitely looking for specialty Asian vegetables.

Table 2: Summary of Wholesale Distributors, Aggregators and Hub

Organization	Type	Volume	Other Requirements	Comments
Produce Express	Wholesale	Mid	No	Open to buying for the warehouse or for farm-identified sales to restaurants.
NorCal Produce	Wholesale	Mid-High	COI, Primus certification for food safety	Looking to buy local, organic and unique items but need high-quality and decent volumes (unless a very rare product).
Veritable Vegetable	Wholesale	Mid-High	No food safety, possible COI	Have lots of established relationships, so probably need something that sets your product apart (distinct, quality, variety). Try to build strong, ongoing relationships with farms.
Good Eggs	Virtual Foodhub	Low	COI - 1 million coverage	Online direct sales with lots of potential for publicity, marketing. Have to deliver to SF frequently.
Capay Valley Farm Shop	Aggregate	Low	No	Interesting model to reach wholesale and CSA
Area Hospitals (CAFF/Kaiser Permanente)	Institution	High	Food Safety, C.O.I (through wholesaler/distributor)	Very stringent requirements for hospitals, though lots of interest in buying local and organic. Strong relationship with aggregates like Coke Farm.

One-page Fact Sheets for Retailer/Wholesalers Interviewed

To create a tool for future CFA beginning farmers, we summarized each interview into a one-page sheet identifying the requirements, challenges and opportunities associated with each retailer and wholesaler. Importantly, these should not be considered a definitive reflection of the organization or necessarily an exact summary of their requirements and standards—especially as some of these requirements may change over time. Rather, they are a summary of our interpretation of each of the interviews and hopefully, this provides some guidance for beginning farmers exploring the regional market.

- Add all after finalizing report for formatting sake

Resource Guide

- Also add after finalizing body of report for formatting

Interview Guide for Retailers/Wholesalers

SOURCING PRACTICES, CONDITIONS AND EXPECTATIONS

First, I would like to ask you a few quick questions about your sourcing practices. The aim is to help inform beginning growers trying to enter into the market and develop relationships with retailers.

- 1. Do you buy directly from growers? What about local growers? Any small growers?**
(find out what “small” means to them in terms of volume of product or acreage of farm)
 - 1 a) If you do not buy directly from growers, why not?**
 - 1 b) What would it take for your store to purchase directly from growers?**
- 2. What do you look for in new relationships with growers? Any specific criteria?**
(Prompts to find out about: volume, quality, liability insurance, food safety certification)
- 3. Are you willing to work with a diversified grower through the seasons, as the crops change? If so, how do you negotiate that process?** *(contracts, planting decisions, timing)*
- 4. What has worked well in past relationships with small, local growers?**
- 5. What are some challenges you’ve had in relationships with small, and/or new growers?**
- 6. Are there any other key conditions a *beginning* grower should think about?**

ADVERTISING AND BRANDING

We are also trying to gauge the potential value of promoting the beginning grower story in the retail marketplace. And how that story might be promoted and labelled.

- 7. Do you advertise the “local” brand in-store? Is so, how? I not, why not?**
- 8. How large a percentage of your fresh produce is branded as “local”?**
- 9. Do you receive a price premium for the “local” produce? [Do growers?]**
- 10. Do you advertise products from specific farms? Why or why not?**

- 11. Do you think customers might be interested in the beginning grower story? If so, what aspects of it? (*young, small, non-corporate, etc.*)**
- 12. Would any sort of labeling or logo help promote that story? (*and specific packaging*)**
- 13. Do you ever do in-store events with growers? If so, has it been a helpful form of publicity for the store and the growers?**

WRAP-UP

- 14. Do you have any other comments or advice to beginning growers trying to enter into retail markets?**
- 15. Can you suggest any other market channels that might be interested in sourcing and advertising products from beginning farmers? (*institutions, corporate offices, health-care organizations, senior centers, etc.*)**
- 16. Would it be okay for the program director to contact you about developing relationships with CFA graduates?**

Interview Guide for Farmers

Experience Selling Produce

- 1. Where do you sell your product currently? (*Get approximate percentage breakdown*)**
- 2. If you have, or do, currently sell retail/wholesale, how did you initially start that relationship?**
- 3. If you have wanted to break into retail/wholesale markets but have had difficulties, what were some of the challenges?**
- 4. What has worked well in relationships with retailers/wholesalers?**
- 5. What sort of challenges have you had in those relationships?**
- 6. How long have you been farming?**
- 7. What do you grow? Is there anything you had to stop growing because you could not find a market for it?**

Marketing and Branding

- 8. Have you tried to invest time and resources into branding your farm and story? Why or why not?**
- 9. What ways have you gone about sharing your story? What has worked well? (*online, farmers markets, demos w/retailers*)**
- 10. Do you do any logos or labeling on packing boxes, twist-ties, etc.? Why or why not?**
- 11. Do you get better prices for labeled products? More volume demand?**
- 12. Any other advantages from labeled products? Direct contact from consumers?**

Lessons about what works for small, beginning farmers

- 13. From your experience, what are the top 1 or 2 things that beginning farmers should be aware of when selling to retailers? Wholesalers?**
- 14. Would you do anything differently?**