Value-Added Marketing

- Direct market = differentiation
- Profitability = larger piece of food dollar (farm gate price v. retail)
- At what cost(s)?



Market Ready™ Program

MARKET-DRIVEN!!



⇒***FIRST*** identify a market need

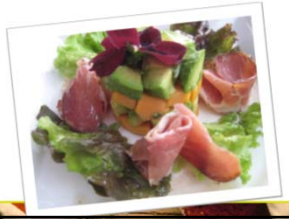
⇒***THEN*** grow products that satisfy that need

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

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

Market Ready™ Program

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



Farmer Perspectives

WHAT DO YOU HOPE TO GAIN FROM DIRECT SALES?

Restaurant Perspectives

WHY DO YOU BUY FOOD DIRECTLY FROM FARMERS?



Market Ready™ Program

DIRECT MARKETING

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



Sample Marketing Documents



Sample Marketing Documents

Sample menu courtesy of Little Farm Catering, Rhode Island

Note purveyor list ➔

Kim and Dave's Menu
August 29, 2009

Stationary display of local cheeses, dips, crudités,
fruit and artisan bread

Arcadian Field baby greens with fresh thyme vinaigrette
Seven Stars Artisan bread

Entrees:

Braised Red Devon Short Ribs
Striped Bass with Provencal Ragout

Vegetarian Entree:
Portabello mushrooms filled with quinoa, roasted tomatoes
and baby spinach

Native corn off the cob with herbed butter
Local green beans
Roasted tri-colored potatoes
Heirloom tomatoes
Cucumber slices

New Harvest Coffee

Purveyors

Arcadian Fields Shy Brothers Farm Barden Family Orchards
Ledge Ends Produce Narragansett Creamery Seven Stars Bakery
Rhody Fresh Four Town Farm Wishing Stone Farm
Gardner's Wharf Watson Farm Schartner Farm
Allen Farm Hill Orchards New Harvest Coffee Roasters
Cabot Cheese Robin Hollow Farm Mossup River Farm

Direct Marketing

- Promoting Farm-to-Restaurant
  - Farmer visits in-restaurant
  - Chef promotions at farmers markets
  - Restaurant staff training = “Food with a Face”
- Understand restaurant’s mission and clientele
  - Days/times open, traffic volume
  - Menu prices (& menu printing frequency)
  - Location & signage

Chefs Promote Local Producers



Direct Marketing

“And I’ve found probably the best way is to just try to put that farmer’s face on their food by actually building materials that have their pictures or little bios and things like that.”

“Anything on the Internet definitely works…Facebook even works. Chefs are on Facebook.”

“On our menus, we write the menu according to where we’re getting the food…right now it’s Henton beef, Henton green beans. Whatever comes from whichever farm, it’s labelled.”

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

- ❑ I am aware of what kinds of promotion materials are available through sources like my state department of agriculture, grower association, or other 3rd parties.
- ❑ I am willing and available to host the chefs and their staff at my farm.
- ❑ I am open to being involved in events like food festivals, in-restaurant visits, and on-farm dinners that provide opportunities for my restaurant buyers to connect with my food and food products.

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 Considerations

- Protection
  - Waterproof cardboard boxes preferred for produce
  - High-quality, re-usable
  - Fits specific needs of buyer – size, grading
  - Depends on product itself
  - Depends on storage facilities/conditions
  - Do not over-package or under-package

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 specialities 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."

A Primer on Plastic

Polyethylene terephthalate (PETE)

- ❑ Most used plastic in world
- ❑ Light weight
- ❑ Inexpensive
- ❑ Impact resistant
- ❑ Transparency makes it plastic of choice ir replacing glass for many applications
- ❑ Excellent moisture barrier
- ❑ Poor gas barrier
- ❑ Absorbs odors and flavors from foods



A Primer on Plastic

High-density Polyethylene

- ❑ Grease and oil resistance properties
- ❑ Poor visual transparency
- ❑ Poor gas barrier
- ❑ Used in blow molded applications (milk jugs)
- ❑ Do not contain compounds that may leach



A Primer on Plastic

Low-density Polyethylene

- ❑ Durable and flexible
- ❑ Poor gas barrier
- ❑ Poor moisture barrier
- ❑ Not good for light sensitive products
- ❑ Inexpensive



Polypropylene

- ❑ Better vapor barrier than polyethylene
- ❑ Better visual transparency than polyethylene but not excellent clarity
- ❑ Heat resistant up to 133°C
- ❑ Can be used for microwave applications





A Primer on Plastic

Polystyrene

- ❑ Low moisture barrier properties
- ❑ Low gas barrier properties
- ❑ Can have excellent clarity
- ❑ Ability to foam
- ❑ Inexpensive and easy to use





Nylon/Foil/Multi-laminates

- ❑ Very good gas barrier properties
- ❑ Used with modified atmosphere and reduced oxygen atmosphere products (meat and cheese)
- ❑ Low to high moisture barrier properties depending on layer





Label Requirements

❖ **Required**

- ❑ Product Name on Front Label
  - ❑Accurate Description, **Bold**, **Largest Type**
- ❑ Net Contents Statement
  - ❑US and Metric (ounces and grams)
- ❑ Ingredient Statement
  - ❑Listed in order of predominance based on weight
  - ❑Sub-ingredients of ingredients must also be listed
  - ❑At least one sixteenth inch in size
- ❑ Name and Address of Manufacturer, Distributor, or Packer
  - ❑No PO Box, Email address can not substitute actual address
  - ❑If address can be found in directory: city, state, zip code

Label Requirements

- **Required, continued**
  - Harvest Date for fresh produce
  - Country of Origin: muscle cut and ground meats (excluding beef): lamb, goat, and chicken; wild and farm-raised fish and shellfish; fresh and frozen fruits and vegetables; peanuts, pecans and macadamia nuts; and ginseng
- **Possibly Optional**
  - Nutrition Facts Information
  - Exemptions apply for small processors
  - No exemption exists if making nutrition claim

Packaging – Meat Product Labels

- Specific label information needed:
  - Product name
  - USDA Inspection legend
  - Net weight statement
  - Handling statement
  - Address (signature) line
  - Ingredients statement
  - Safe handling instructions
  - Nutrition facts



Nutritional Label

Exemption for Small Business

- No notice needed to be filed with FDA
  - Applies to retailers with annual gross sales of not more than $500,000, or with annual gross sales of foods or dietary supplements to consumers of not more than $50,000
  - Applies if the company has less than 10 employees and sells less than 10,000 units
- Notice must be filed annually with FDA
  - Applies if the person claiming the exemption employs fewer than an average of 100 full-time equivalent employees and fewer than 100,000 units of that product are sold in the United States in a 12-month period.
- ***If making any nutritional claim, exemption is void no matter the size of business.***



Nutrition Claim Examples



New Nutrition Label Format Introduced in 2016 (***comply by July 26, 2018***)



OLD **NEW**



Allergen Labeling

Food Allergen Labeling and Nutrition Labeling Act of 2004

- Requires use of common English names for the major food allergens (Milk, Eggs, Fish, Crustacean Shellfish, Treenuts, Peanuts, Soy, Wheat)
  - Tree nuts - identify specific nut such as “almond,” “pecan,” “walnut”
  - Fish/Shellfish must identify species, such as “tuna,” “bass,” “flounder,” “shrimp,” “lobster”
- Requires labeling for flavors, colors, and incidental additives if contain allergens
- No minimum level of allergen required for labeling

Review of Bioterrorism Requirements

Records on Immediate Previous Source (one upstream) and Immediate Subsequent Receiver (one downstream)

Records must be retained for:

- 6 months for foods with shelf life of 60 days or less
- 1 year for foods with shelf life of 60 days to 6 months
- 2 years for foods with shelf life of over 6 months
- 1 year for animal feeds and pet food

Records must be made available "as soon as possible, not to exceed 24 hours from the time of receipt of the original request"!

Tracking Immediate Previous Source

- Means that you have to know where your ingredients came from.
  - Receiving Records
    - PO's
    - Shipping documents
    - Invoices
    - Receipts
- Ingredient Information
  - Lot codes
  - Other Receiving documents (date, amount)
  - Condition of receipt

Tracking Immediate Subsequent Source

- Means that you have to know where your product went/ who you sold it to
  - As an ingredient
    - Lot code of ingredient tied to finished product and time of use
  - As a finished good.
    - Lot codes of batches in shipment/sales documents

Production/Lot Codes

- Record incoming lot codes and connect at time of use to an production lot code.
- Make lot codes have meaning
- Use lot codes as key part of your records
  - Set up a field specifically for lot codes that you can search and sort by
  - Print lot codes on shipping documents so you and your distribution customers have trace back.

Example of Lot Code

16090 09 GV08DV

Product code description

- First two digits = year of production (2016)
- Julian date (March 31 = 90th day of 2010)
- Type of product (GV = garden vegetable sauce)
- Line (Line # 8)
- Location (DV = Danville, VA plant)
- Hour (09 = 9:00 a.m.)

11/12/2016 Bb

Product code description

- Date of Production
- Location of production (Bb = Blacksburg, VA)

Dating is not the same as lot coding….

Except for infant formula product dating is not generally required by Federal regulations.

- If use calendar date, must express:
  - Month
  - Day of the month
  - Year, in the case of shelf-stable and frozen products
- If calendar date use, immediately adjacent to the date must be a phrase explaining the meaning of that date such as "sell-by" or "use before."

VDACS Office of Dairy & Foods Inspection Exemption

- Private home/farm where processing specific food products (no meat, poultry or dairy)
  - Sold to individuals for their own consumption and **not for resale**
  - Sold at the private home or at farmer's markets
  - Labeled **"NOT FOR RESALE – PROCESSED AND PREPARED WITHOUT STATE INSPECTION"**
  - **Cannot be sold to other establishments (wholesale or retail) or on internet**

VDACS Office of Meat & Poultry & USDA Exemptions

- Custom Exemption
  - Owner of the livestock or poultry slaughter for own use or for use by members of his household or nonpaying guests
  - Cannot be sold
  - **Must be marked "NOT FOR SALE"**
  - Custom Permit – custom slaughtering animals owned by others
  - Cannot cross state lines

No meat (other than poultry) can be sold without inspection.

VDACS Office of Meat & Poultry & USDA Exemptions

- Poultry Exemption
  - Poultry can be sold to consumers and other businesses under exemption
  - Basic sanitary requirements must be met
  - Selling direct to consumer:
    - 1,000 birds up to 20,000 birds/year must apply for Poultry Permit of Exemption
    - Less than 1,000 birds permit may not be needed
    - Must maintain records
  - Cannot cross state lines

VDACS Office of Meat & Poultry & USDA Exemptions

- Selling to restaurants, hotels, or boarding houses
  - Must apply for Poultry Permit of Exemption
  - No more than 20,000 birds/year
  - Must maintain records
- Cannot cross state lines
- FDA Food Code requires poultry sold at retail stores and prepared in restaurants to come from an approved source
- *All meat prepared at the restaurant/caterer must have been passed by either federal (USDA/FSIS) or Virginia state inspection (VDACS OMPS).*
- *Poultry prepared at the restaurant/caterer must have been passed by either federal (USDA/FSIS), Virginia state inspection (VDACS OMPS), or been received from a business that has a Virginia Poultry Permit of Exemption.*

Organic Definitions

- USDA certified organic products have strict production and labeling requirements
  - 100% Organic
    - All ingredients must be certified organic
    - Process must be certified organic
    - Product label must name certifying agency
  - Organic
    - All agricultural ingredients must be certified organic
    - Non-organic ingredient allowed per National list (no more than 5% excluding water and salt)
    - Product label must name certifying agency

Organic Definitions

- "Made with" Organic
  - Certified organic ingredients must make up at least 70% product (must specifically state on label which ingredients or ingredient categories are organic)
    - Example: "Made with organic fruit and cinnamon"
  - Cannot use "Made with Organic Ingredients"
  - All other agricultural products must be produce by acceptable methods
  - All non-agricultural products must be allowed by National List
  - Cannot use USDA organic seal

Organic Definitions

- "Made with" Specific Organic Ingredients
  - Certified organic ingredients make up at less than 70% product
  - Specific ingredients are certified organic (must specifically state on label which ingredients are organic)
    - Example: "Made with organic blueberries"
  - Remaining ingredients are not required to follow organic regulations
  - Cannot use USDA organic seal



Jane's Muffin Mix

Ingredients: Organic enriched wheat flour (wheat flour, niacin, reduced iron, thiamin mononitrate, riboflavin, folic acid), organic cane sugar, blueberries, baking soda, salt, cream of tartar, cinnamon.
Distributed by Jane's Foods, Inc.
Certified Organic By John Doe Certification, Inc.

Made with organic wheat flour and sugar!

Organic Small Business Exemption

- Gross agricultural income from organic sales cannot exceed $5000/year
- Do not need to be certified in order to sell, label or represent your product as organic
  - Do not need a written plan but must follow all other requirements of USDA organic regulation
  - Maintain records for at least three years to show organic practices
  - May not use the USDA organic seal on your products or refer to them as certified organic
  - Must meet other USDA organic labeling requirements
  - May not sell your products as ingredients for use in someone else's certified organic product.

Natural Definition

- FDA has "declined" to define natural as a term
  - FDA has issued a non-binding guidance defining "Natural" to mean "nothing artificial or synthetic (including all color additives regardless of source)
  - Courts have held that determining whether foods containing GMOs can make "Natural" claims is an issue best determined by FDA expertise (FDA has declined to make determination)
  - No federal law, regulation or other requirement requires special labeling of bioengineered ingredients as not "natural."

Local and Sustainable Definition

- No consensus or legal on "local" and "sustainable" definitions
- Less agreement on defining on geographical terms
  - 2008 Farm Act Definition: end-point purchase is within 400 miles from its origin
  - Others groups narrow distance
- More agreement on marketing arrangement terms
  - Farmers selling directly to consumers at regional farmers' markets or to schools
  - Minimizing distance between producer and consumer
- Certain terms like Fairtrade are clearly defined

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™ Packaging

- ❑ I understand the typical industry standard packaging for the product I want to market from my farm and am prepared to deliver that kind of package to a restaurant.
- ❑ I am prepared to spend extra time packaging my produce to a chef's specifications and have accounted for my extra time in the product price.
- ❑ I have asked the chef how s/he wants it packaged.
- ❑ I have access to standard size cardboard produce boxes.

Market Ready™ Packaging

- ❑ I have relationships developed with processors/co-packers that can produce the desired cuts or processed products from my farm.
- ❑ I have selected the appropriate packaging to protect my product and preserve and protect its identity and integrity, and keep it free from contamination.
- ❑ I can use my packaging/labelling to work with my buyers on product traceability

Market Ready™ Packaging – Meats & Dairy

- ❑ I understand the legal packaging and labelling requirements for meat, dairy or processed products.
- ❑ I have relationships developed, or am developing relationships, with processors that a chef can work with my meat or dairy products.
- ❑ I am prepared to show a chef the potential value for their restaurant in purchasing a whole animal or other larger quantities of product direct from my farm.

Farmer Perspectives

WHAT FOOD SAFETY PROCEDURES & REGULATIONS TO YOU FOLLOW WHEN SELLING TO RESTAURANTS?

Restaurant Perspectives

DO YOU FOLLOW DIFFERENT FOOD SAFETY PROCEDURES WHEN SOURCING DIRECT FROM GROWERS?

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

- Restaurants = wholesale market
- Restaurants = tight cost margins (5-10%)
- How do they determine menu prices?
  - Seasonality (of all food items, not just yours)
  - Customer demand
  - Available volumes
  - Availability in other eating places
  - Special promotions
  - Spoilage concerns

Pricing

- Don't price yourself out of the market - Look at menu prices
- Ask chefs what they pay for non-local food/food products
- Research food product market data
  - Historical data, i.e., auction prices, produce wholesale terminal prices (USDA Market News site)
  - Consumption trends
  - Check out your competition, i.e. http://www.localharvest.org/

Pricing

- Do your homework ahead of time, i.e., What are your costs (ALL of 'em!!)
  - Production
    - Pack
    - Prep
  - Delivery to market
    - Truck – refrigerated
    - Gas/Oil
    - Labor
  - Storage – cooler
  - Returns

Pricing

- Calculating Selling Price Formula:
  - Selling Price =

    Variable Cost / 100% - Gross Margin Desired
  - Example:
    - **SP = $0.85/100 – 0.40**
    - **SP = $0.85/0.60**
    - **Selling Price = $1.42**

Pricing

- **Consider all the costs:**
  - Fixed costs or overhead
    - DIRTI – 5
    - Depreciation, Insurance, Rent, Taxes, and Interest
  - Margin has to cover fixed cost and profit

    (SP)$1.42 – (VC)$.85 = (Margin)$.57

Pricing

- Price volume schedule:
  - 1-10 pounds - $1.55 45% margin
  - 11-25 pounds - $1.42 40% margin
  - 26-50 pounds - $1.30 35% margin
  - 51-75 pounds - $1.20 30% margin
  - Above 75 pounds - $1.13 25% margin

Pricing

- Other Considerations for Pricing
  - Competition
  - Quality
  - Seasonality
  - Volume (discounts)
  - Specialty
  - Location (what the market will bear)

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

"You tell somebody that you can sit under an umbrella at a farmer's market and sell 100 lbs. of tomatoes on a Saturday or you can drop me 50 lbs. of tomatoes and I'll pay you a certain percentage – less than what you're gonna get at the farmer's market – but they know that it's one stop, it takes them 10 minutes to drop the product and get out the door."



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 ½ or ¾ 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™ Pricing

- ❑ I can provide a written description of my product attributes, benefits and label claims.
- ❑ I can discuss the benefits of my product quality, freshness, or locally-grown attributes with my buyers.
- ❑ If appropriate I am prepared to discuss each size, grade or cut of my product with my buyers.

Market Ready™ Pricing

- ❑ I have researched current market prices for my products and am aware of the transportation costs I will incur to deliver my product.
- ❑ I have worked out the processing and packaging costs and any other post-harvest costs associated with producing my final product long term.
- ❑ I have estimated the cost of delivering my product to the restaurant.

Market Ready™ Pricing

- ❑ I have priced the product at a level where I can make a profit and be a stable supplier.
- ❑ I can give an estimate of how much volume of product I can provide and for how long I can provide it.
- ❑ I can quote the buyer a delivered price for my product.
- ❑ I am prepared to quote a price per pound that I would accept for my product.

Farmer Perspectives

EXPLAIN THE STEPS IN YOUR PROCESS FOR SELLING DIRECT TO RESTAURANTS.

Restaurant Perspectives

EXPLAIN THE STEPS IN YOUR BUYING PROCESS.

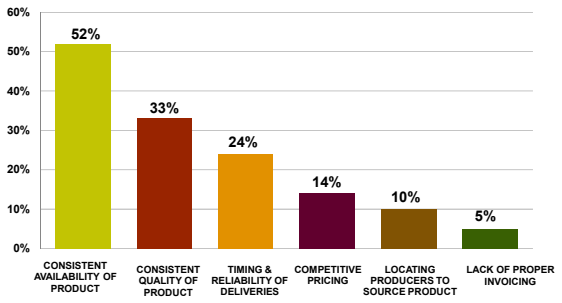
Market Ready™ Program

SUPPLY--CUSTOMER

Supply

- Most restaurants are interested in purchasing locally
- Consistent volume/availability of product is often cited by chefs as barrier to purchasing locally
- Reliable, clear communication regarding changes in product volume or quality are key to managing supply issues.

Supply – Barriers Cited by Chefs



Supply

- Producers should recognize restaurant markets have different needs [volume, timing, flexibility]
  - Chains
  - Independents
  - Caterers
  - Institutions

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

- Reliable partner – find an answer!
- Local grower volumes – opportunity to differentiate!
  - Small volume = Less "commodity-like", more unique if limited sales to "select" chefs, i.e. berries, specialty meats (lamb), short shelf life desserts
  - Medium volume = Serve multiple buyers, diversify/substitute product offerings, i.e. cultural cuisine
  - Large volume = Serve chain restaurants/institutions, more commonly used, every day and/or processed products, i.e. tomatoes, breads, butter, jams, sauces

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™ Supply

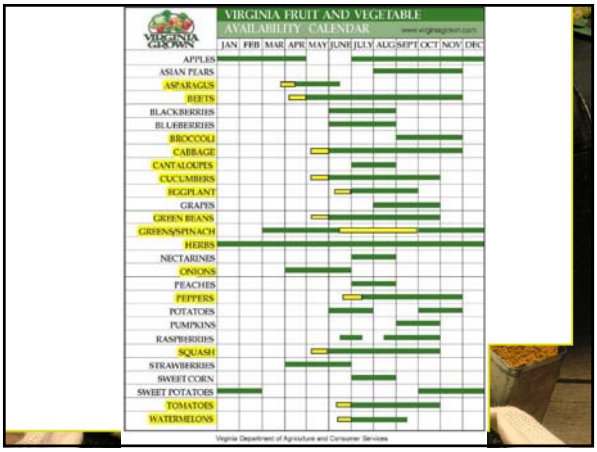
- ❑ I can supply a consistent volume of product in the quantities acceptable to the buyer for a specified period of time.
- ❑ I have a plan to accomplish a steady production of my product.
- ❑ I am exploring season extension and other production options that allow me to increase volume of products supplied.

Market Ready™ Supply

- ❑ I have identified my chef customers' direct email, voicemail, or the best way to reach them directly.
- ❑ I understand the importance of advanced notice to the buyer about my product availability and any possible changes in quantity or quality.
- ❑ I have a regular price and availability list available for chef customers.

Market Ready™ Program

SUPPLY -- PRODUCTION



Season Extension

High tunnels and low tunnel/row covers



High tunnel and row covers

- Successfully used to
  - Increase temperatures and protect against light 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

High tunnels (without power)

Covered with plastic film. Roll up/down sides for ventilation in sunny days.



Multi-station irrigation system for several crops at different growth stages



High tunnels entrance

- **Zippers**
- **Wooden/metal doors**
- **Roll up curtains**
- **Etc.**







High tunnels

Fixed or movable

(metal wheels or extra ground posts)



Direct soil planting or bag/pot planting



High tunnels

Enhances vegetative growth in winter crops



With row covers for additional protection for sensitive crops



Row covers
(spun-bonded fabric)

Available in several thicknesses (0.5-3 oz/sqyd).

Low tunnel for spring cucumbers at the Eastern Shore, VA





Also can be used as floating blankets

Strawberries in Westmoreland County, VA



Hoops of various materials

Spring lettuce at the Eastern Shore, VA

Wire hoops



No cover



Hoops of various materials

Wire hoops

Fall kale and chard at the Eastern Shore, VA



Wire hoops

Fall lettuce at the Eastern Shore, VA



Hoops of various materials

PVC hoops

Spring kale and chard at the Eastern Shore, VA



Metal hoops

Fall cilantro at the Eastern Shore, VA



Hoops of various materials

PVC hoops
Summer herbs in Richmond, VA



PVC hoops Fall Brussels sprouts at the Eastern Shore, VA



Hoops of various materials

PVC hoops
Summer basil at the Eastern Shore, VA



Hoops and cover holding systems

Wire hoops and sand bags
Spring lettuce in Westmoreland County, VA



Wire hoops and soil
Spring spinach in Westmoreland County, VA



Cover holding systems



Plastic pins

Strawberry in Westmoreland County, VA

Production

Wire hoops
Spring Chinese cabbage in Fauquier County, VA



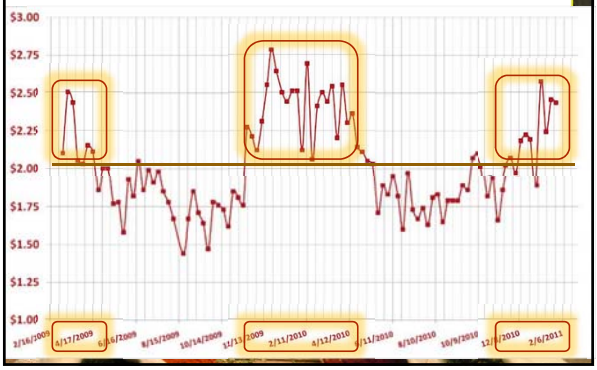
Wire hoops
Spring lettuce, beet and greens in Westmoreland County, VA



Does it pay?

- **Row cover costs**
  - Depend on thickness
  - $0.20/ft (10'x500'; 0.55oz/sqyd)
  - $0.67/ft (14'x300; 1.25oz/sqyd)
- **Wire hoops**
  - $0.46ea (4-5ft apart)

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



High Tunnel Start-Up Costs

96x30
- Basic HT & Irrigation equipment
- Includes construction labor

$2.34
- Cost per square foot

$6,740
- Total investment costs
- Plastic $500 @ 3 yrs
- Remaining $6,240 @ 10 yrs

High Tunnel Annual Costs - TOMATO

$679 FIXED

+

$1,138 DIRECT

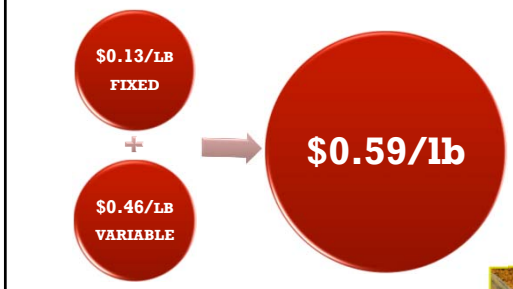
+

$1,263 HARVEST

→ **$3,080**

*Based on 20 lbs/plant, 5,220 lbs per HT

High Tunnel Annual Costs - TOMATO



*Based on 20 lbs/plant, 5,220 lbs per HT

High Tunnel Annual Costs - TOMATO

	$/tunnel (96x30, 216 plants/tunnel)		
YIELD (LBS/PLANT)	16	20	24
YIELD (LBS/TUNNEL)	4,176	5,220	6,264
Fixed costs	$679	$679	$679
Variable costs	$1,921	$2,401	$2,881
Total costs	$2,600	$3,080	$3,560
TOTAL COSTS/LB	$0.62	$0.59	$0.57

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 -- Cooperatives

- Some restaurants and chefs are taking their own steps toward cooperative delivery or group buying
- Chefs looking for ways that different producers could pool their products for one-stop delivery
- Some chefs have personally invested in local operations or processors that are seeking to simplify local product delivery channels

Network -- Cooperatives

- Formal and informal transportation and distribution networks can help get farm products into the restaurant kitchen
- Producers can work cooperatively (with other producers and, restaurants) for promotions, supply, storage, and provision of other value-added services
  - Ensure problem-free delivery
  - Protect quality
  - Maintain brand distinction

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 puck up 120, 150 dozen eggs at one time and fill larger orders from chefs."

Network

"Our biggest thing is I don't have time to drive out to the farms…and the farmers, it's hard to convince them that it's worth coming to me for an $80 order – when it's not worth it to me to got out there. why [would it be worth it to them]?"



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.

Farmer Perspectives

WHAT IS THE EASIEST WAY TO CONNECT WITH YOUR BUYERS?

Restaurant Perspectives

WHAT IS THE EASIEST WAY TO CONNECT WITH FARMERS?

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

Invoicing

- Invoice requirements
  - Contact info: name, address, email/website, phone/fax
  - Product description
  - How much product (weight or cost)
  - Product price
  - Transaction date
  - Invoice number

Invoicing

- Invoice tracking
  - Consider computerizing all invoices, i.e. electronic invoicing OR scan paper copies
  - Save computerized documents in document file
  - Use accounting software package to track all accounts
  - Use simple invoice book with duplicate copies
  - Use mobile computer and printer to handle paperwork on-site

Invoicing

- Sales receipt
  - Document receipt of payment
  - Provide copies to restaurant manager
  - Track what/where/when monies are owed for your farm products
  - Open communication with restaurants about flexible/alternative payment options, i.e. pay it forward, seasonal payments, product variety payment

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."

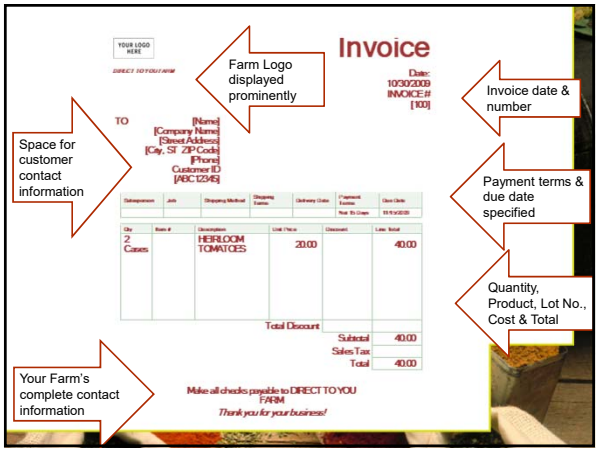
" Even in a direct sale situation, they really have to present me with a receipt."

Invoicing

"We don't keep a lot of cash on hand to pay people directly."

"Name, address, phone number, the product, how much it weighed and how much it cost. That's it. [Date, transaction number a good idea, too!]"

"Inherently you cannot trust chefs and restaurants to keep track of anything."



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™ Invoicing

- ❑ I am prepared to accept payment at a later date beyond the actual product delivery time.
- ❑ I have a system in place to keep track of sales to each individual restaurant location.
- ❑ I have a system in place to keep track of how much I am owed by individual restaurant customers.

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***"

Insurance

- Product liability insurance is essential part of direct sales in producer-restaurant relationship
- Insurance protects both the producer and the chef
- Producers should make sure they (& any partners or co-packers) are covered at a level appropriate/required for their restaurant clients

Insurance

- Understand that some institutional or chain restaurant customers may require a higher insurance liability level
- Communicate your business activities with your insurance provider
- Annual premiums vary by region but are often <$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

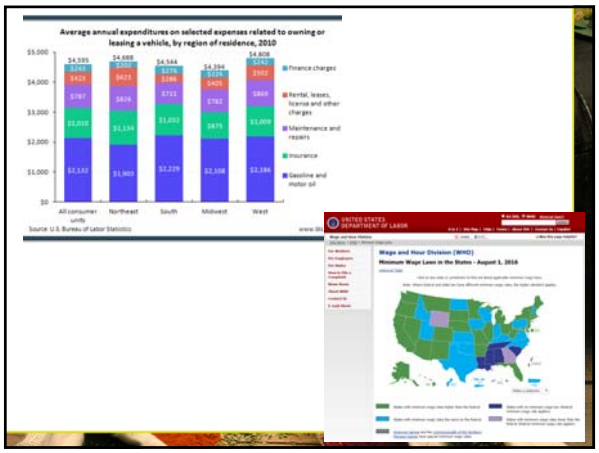
Delivery

- Chefs cite regular delivery as essential to purchasing more local product
- Producers should determine best times for each chef and restaurant location
- Typical times are 9-10 am and 3-4 pm
- Always let restaurants know immediately if you are unable to make a scheduled delivery

Delivery – Your Costs

- Offering delivery is a cost of marketing direct to restaurants
  - Gas/oil (mileage)
  - Share of repairs and standard replacements (tires)
  - Share of vehicle depreciation
  - Share of tax, tag, title, insurance
  - Hours of delivery x labor wage





Delivery

"The best time for us in 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."



Delivery

"I would be looking for an impeccable product brought right to my door."

"I'm really glad the truck is coming through regularly now. The fresher the product, the better."



Market Ready™ Delivery

- ❑ I am willing to offer delivery services in new areas to gain new clients
- ❑ I am able to deliver my products to the restaurant's door.
- ❑ I have calculated the cost in time and fuel, etc., that is involved with delivering my product.
- ❑ I can arrange affordable transportation of my product to my buyer's requested delivery location at an acceptable frequency

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….*

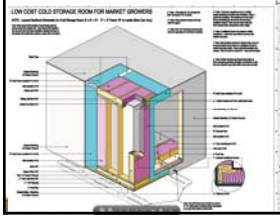


Storage

- Add value = store on-farm, arrange shared off-site storage with other growers and/or distributers, 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 Costs

- Univ. of Kentucky Ag. Engineers
- 8'x10'x8'
- Materials cost = $2,434.76



Materials List and Cost for Low Cost Cold Storage Room

Material	Needed	Cost per 1	Cost
LUMBER			
2x6 - 8FT	62	$3.48	$215.76
2x6 - 10FT	11	$4.18	$45.98
3/4" 4x8 EXTERIOR GRADE PLYWOOD	5	$17.26	$86.30
1/2" 4x8 PLYWOOD SHEATHING	23	$10.77	$247.71
6x6" - 10' TREATED POSTS	3	$29.87	$89.64
SHIMS	1	$0.99	$0.99
THERMAL AND MOISTURE			
10x25' 6 MIL CLEAR PLY SHEETING	1	$26.23	$26.23
1/2IN 4x8' HARD FOAM INSULATION	13	$10.48	$136.40
R19 KRAFT 15IN BATTS 77.5 SQFT	1	$29.97	$209.87
3ft x6ft7" PREHUNG INSULATED STEEL ENTRY DOOR	1	$119.00	$119.00
16 OZ. CANNED SPRAY FOAM INSULATION	1	$9.95	$9.95
PLASTIC OUTLET COVER	1	$2.28	$2.28
FASTENERS			
1/2" x 8" GALVANIZED EYE BOLT	2	$5.78	$11.56
GALVANIZED 3/8" FLAT WASHER	1	$0.13	$0.13
GALVANIZED 1/2" ROUND WASHER	1	$0.19	$0.19
1-5/8" COATED EXTERIOR SCREWS (QTY in LBS)	5		$25.64
1-1/4" COATED EXTERIOR SCREWS (QTY in LBS)	1	$7.69	$7.69
2-1/2" COATED EXTERIOR SCREWS (QTY in LBS)	6	$5.59	$33.53
1/4" x 2-1/2" GALVANIZED LAG SCREWS	50	$0.44	$22.00
1/4" FLAT GALVANIZED WASHER	50	$0.09	$5.00
131 SMOOTH SHANK NAILS 1 KEG (50lb. Box)	1	$42.89	$42.89
NAILS	5	$2.47	$19.76
APE	3	$6.49	$12.98
ETS FOR SKIDS **Built out of angle iron	12	$5.00	$60.00
1 CORD STAPLES	1	$2.98	$2.98
PAINT & FINISHES			
2 LATEX CAULK W/ SILICONE	21	$2.24	$47.04
OR WHITE PAINT (QTY in GAL)	4	$14.98	$59.92
1 QTs in GAL)	3	$19.98	$59.94
1/2" PAINT ROLLER	3	$4.97	$9.74
1 HANDLE	1	$2.97	$2.97
1 BLE TRAY LINER	3	$0.54	$1.62
1 PAINT TRAY	1	$2.97	$2.97
1 PUTTY KNIFE	1	$0.98	$0.98
			$1,579.60
SPECIALTIES			
1 CONTROL UNIT **Purchase Online	1	$299.00	$299.00
1 STU ROOM A/C	1	$399.00	$399.00
1 NSION CORD W/ 3 PLUGINS	1	$13.87	$13.87
1 KNOB ASSEMBLY W/ LOCK	1	$8.47	$8.47
			$720.34
without tax)			$2,299.94
		Tax:	$137.82
with 6% KY tax)			$2,434.76

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
- Chefs expect products to be handled such that product quality and food safety are preserved
  - Proper temperature control
  - Proper postharvest handling
  - Proper storage management
  - Cold chain requirements provided on labels

Quality Assurance

- 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 VA Dept. of Ag.)
  - VA Cooperative Extension Service certification programs and training.

Quality Assurance

"We bought some [local] meat and there was a problem in figuring our 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 mesculin 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™ Quality Assurance

- ❑ I have the necessary documents for USDA and local health inspection where required.
- ❑ I have the necessary documents outlining my organic production practices available to share with my chefs.+
- ❑ I am planning to participate in GAP certification programs now or in the near future.

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

- Guaranteeing satisfaction = (+) value-added to restaurants
- Chefs expect “local” to be at least as good as, if not better than, wholesale sources
- Competition, i.e. wholesalers, regularly compensate restaurants for product failings – be prepared to offer same service

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."



Communication

"Give us a phone call, (expletive)!"

"Keep me posted as to what's happening. I need two weeks' notice of any changes."

"Communicate 2-3 times per week during produce season."

"I need four days notice to re-supply elsewhere if farmers won't have the product."

Satisfaction Guarantee

"When my main local tomato supplier got blight, he was letting other growers around know that they needed to supply me with tomatoes…that meant so much to me."

"I like it when my vendor says, 'I guarantee you that my mesculin mix will last in a container in the walk-in for one week without any sort of decomposition. And if anything happens, let me know and I'll bring you some fresh mesculin.'"

"I expect an impeccable product delivered right to my door."

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.

Market Ready™ Satisfaction Guarantee

- ❑ I am able to make product adjustments to improve final product quality if necessary.
- ❑ I have other products or additional product to offer in the event that I need to compensate a restaurant client for poor quality.

Market Ready™ Communication

- ❑ I have asked chef what the best way is to contact them personally to have conversations about my food product.
- ❑ I have access to email, websites, social networking sites, and other communication channels to discuss product orders and quality.
- ❑ I am making the effort to connect personally with my customers to improve the conversation and business relationship.

Market Ready™ Communication

- ❑ I have my buyers' contact information such as their direct phone numbers and email.
- ❑ I understand their preferred contact methods and times.
- ❑ I understand my buyers have many demands on their time, so I make appointments in advance.

Market Ready™ Communication

- ❑ I understand the importance of advance notice about my product availability and any changes in quantity or quality.
- ❑ 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.
- ❑ (My staff and) I present a professional and clean appearance when making business calls to potential customers.

Market Ready™ Communication

signup eNewsletter
AZUR
restaurant & patio



AZUR restaurant & patio
beaumont centre
3070 lakecrest circle, suite 550
lexington, kentucky 40513
tel: 859.296.1007
email: info@azurrestaurant.com
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W 84 33.268