

5.5 Direct Marketing to Restaurants

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Lecture Outline: Direct Marketing to Restaurants

(Adapted from: Iowa State University Extension, 2002; Bauchmann, 2004; Feenstra et al., 2003; and Green, 1999)

A. Trends in Restaurant Sales of Seasonally Available, Organic, and Local Produce

1. The use of locally-produced, seasonal, and certified organic produce and food products is growing in popularity among chefs and high-end restaurants. Examples: Chez Panisse Restaurant and Café in Berkeley, California; Greens Restaurant in San Francisco, California; L'Etoile in Madison, Wisconsin
2. Reasons chefs and restaurants are buying directly from farmers
 - a. Perceived quality and freshness of the foods
 - b. Good relationships with the producers
 - c. Customer requests for local products
 - d. The availability of unique or specialty varieties of produce and/or products

B. Advantages of Direct-to-Restaurant Sales

1. Higher return on products sold may lead to increased income for growers
2. Developing relationships with local businesses
3. Selling directly to local chefs/restaurants is among the alternative marketing opportunities that may help to build a diverse, stable regional food economy, and encourage a more sustainable food and agriculture system

C. Challenges of Direct-to-Restaurant Sales

1. Distribution and delivery can be challenging for chefs and growers. Chefs often find that availability, variety, and timeliness of delivery are obstacles to purchasing locally grown foods. Getting the right product in the right quantity at the right time is key to developing and maintaining successful direct-to-restaurant marketing relationships.
2. Limited seasonal availability and variety are also barriers to using local foods. The use of season extension is a way that growers can supply the necessary products that restaurants desire.
3. Often involves low volume and frequent sales of the highest quality produce, which may involve extensive delivery demands and associated costs
4. For small-scale growers attempting to sell to large restaurants, supplying adequate volume can pose greater challenges for direct marketing. Collaborating with other growers and crop planning with the restaurants are ways to address issues of supplying adequate volume.
5. High turnover and the loss of accounts may occur. A chef with whom one had developed a strong relationship may move on and accounts may be lost.
6. A restaurant may close or tight finances at a restaurant may result in late payments
7. Product packaging, labeling, and processing facilities to meet state and national health and safety regulations may require additional capital expenditures on the part of the grower(s). Working with other growers may offset the necessary recapitalization costs.

D. Key Steps to Approaching Restaurants as a New Market Opportunity

(See Feenstra, et al., 2003 for a detailed list of steps involved in developing direct market relationships with restaurants)

1. Contact the appropriate person—the chef or person in charge of food procurement. The first communication and first contact are extremely important. Never call them during meal service (check on service hours before calling).

2. Research the restaurant and the persons involved
 - a. Come to understand the kind of food that is served, what the menu is like, and the nature of the clientele. Eat at the restaurant to become familiar with the menu.
 - b. Develop an understanding of key personnel—who are the owners, chefs, managers, etc.?
 - c. What are the signature features of the restaurant?
 - d. Chefs are busy people. Finding out what day and time are best to contact them for a meeting will serve you well.
3. Be prepared with the following information about your business before you meet with the food buyer –
 - a. The “story” of you farm (i.e., where the farm is located; the history of the farm; the type of operation; farming practices; who is involved in the farm, etc.). Bring photographs of the farm or ranch to share.
 - b. What products you will have for sale and how your products are superior to others
 - c. How the product is sold (e.g., by the pound, bunch, etc.)
 - d. The volumes you are able to provide
 - e. The growing season at the farm and the time periods you are able to supply which products
 - f. Frequency of delivery and how flexible with deliveries you can be
 - g. Invite the chef or buyer to the ranch or farm
 - h. All needed contact information
4. Bring samples of produce to share with the chef

E. How to Maintain Good Relationships With a Chef/Buyer

1. Be consistent about making contact at an agreed-on time every week to find out what they need (never during dinner service!)
2. Ask how they want to be contacted: telephone, e-mail, or FAX
3. Keep up-to-date on food trends
4. Schedule a winter visit to do crop planning with chef/buyer
5. Check with restaurants about which type of packaging works best for them. In general, restaurants prefer smaller packaging units instead of bulky boxes. Develop a packaging recycling system with the restaurant.
6. Grow more than you think you need so you can select the best produce
7. Provide advance notice about what is available. This will allow chefs to feature local produce on their menus.
8. Notify the restaurant as soon as possible if there are shortages in what was ordered or if the delivery will be earlier or later than scheduled
9. Give chefs a wholesale break at the farmers’ market if they run short
10. Try to grow something unique for a given restaurant
11. When you have a business meeting, hold it at one of your clients’ restaurants
12. Provide reliable delivery service and consistently top-quality products and packing standards
13. Be professional in invoicing

F. Case Studies

1. See Bauchmann, 2004 for four case studies on direct sales to restaurants

Resources

LITERATURE CITED

- Bauchmann, Janet. 2004. *Selling to Restaurants: Business and Marketing*. ATTRA Publication #IP255. National Agricultural Information Service (ATTRA). *Provides a concise overview of the marketing opportunities and challenges faced in selling produce to chefs at high-end restaurants. Includes multiple case studies and related resources for direct marketing. Available online in html and pdf format: www.attra.org/marketing.html.*
- Feenstra, Gail, Jeri Ohmart, and David Chaney. 2003. *Selling Directly to Restaurants and Retailers*. University of California Sustainable Agriculture Research and Education Program. *Derived from a discussion with over 50 growers and agricultural professionals gathered at the 2002 California Farm Conference to discuss marketing to restaurants and retailers. This concise (5 page) publication outlines the participants' responses to a series of practical questions about how to develop and maintain direct market sales to restaurants and retailers. Addresses the following: Whom to first talk with when attempting to develop a new marketing relationship with a restaurant; what are the main talking points to make in your first contact; what research to do before approaching a restaurant contact; and how to maintain good standing with buyers. Available online at www.sarep.ucdavis.edu/cdpp/selldirect.pdf.*
- Green, Diane. 1999. *Selling Produce to Restaurants: A Marketing Guide for Small Acreage Growers*. Greentree Naturals. *An introduction to direct marketing to restaurants written by a small-acreage farmer who has been selling herbs, flowers, and specialty produce to restaurants for over a decade. Diane Green shares some of her personal strategies that have helped her be successful. Addresses the following: marketing produce to the tourist economy; establishing marketing priorities; selecting restaurants; what to grow; pricing; deliveries and sales; working with caterers; and market surveying. Includes sample letters for approaching restaurants and forms to use in surveying restaurants for marketing opportunities. See: www.greentreenaturals.com for ordering information.*

Iowa State University Extension. 2002. *Local Food Connections: From Farms to Restaurants*. ISU Extension.

A concise 4-page publication outlining the marketing opportunities with restaurants. Addresses the following: market size and opportunity; restaurant expectations; seasonality and the availability of produce; produce volumes; packaging and labeling; orders and payments; marketing strategies; doing necessary research; preparing to meet with chefs/buyers; making commitments; working with non-profits and cooperatives to market products to restaurants. Available online at www.extension.iastate.edu/; www.extension.iastate.edu/Publications/PM1853B.pdf.

PERIODICALS

Growing for Market

A very useful national monthly newsletter for direct market farmers. Covers production and marketing of vegetables and flowers. P.O. Box 3747, Lawrence, Kansas 66046. Phone: 785-748-0605, Fax: 785-748-0609. E-mail: growing4market@earthlink.net. Also see www.growingformarket.com.

Marketing Your Produce

*A compilation of the best marketing articles that appeared in *Growing For Market*, 1992-1995. Chapters include information on specialty produce, selling to restaurants and/or supermarkets, farmers' markets, CSAs, and expanding your market. Ends with a list of recommended books. See ordering information, above.*

WEB SITES

ATTRA—National Agricultural Information Service:
attra.ncat.org

ATTRA features in-depth publications on production practices, alternative crop and livestock enterprises, innovative marketing, organic certification, and highlights of local, regional, USDA, and other federal sustainable agriculture activities.

Direct Marketing Resource Guide Online Database:

www.sare.org/publications/dmrg.htm

This extensive annotated listing includes practical, high quality resources such as print publications, videos, and web resources that will help growers meet their direct marketing goals. The resources are organized into 9 categories including: Farmers' Markets; Community Supported Agriculture; Agricultural Cooperatives; Farm-to-School/Selling to Institutions; Direct Marketing Livestock; Roadside Stands/Markets; Selling to Restaurants; and Value-Added Production/Marketing.

USDA Agricultural Marketing Service (AMS):

On-line Articles and Publications About Direct Marketing

www.ams.usda.gov

An extensive listing of online publications and organizations addressing topics related to innovative direct marketing opportunities, including direct marketing to restaurants.