

## Local Food Connection: 2011 Conference

### WORKSHOP: Buying & Selling to Grocery Stores

**Description:** *What does it take to create a sustained and successful relationship between a grocery store and the producers they buy from? Learn from key grocery store managers and producers on simple steps that have created successful partnerships. Understand the expectations on the manager's side. A variety of grocery store departments from produce, to grocery (packaged goods), to cheese will be represented.*

**Speakers:** Carl Nash, Manager, The Kiva; Kim and David Clark, Owners, Cousin Jack's Pasty Company; Kathy Bethel, Produce Specialist, New Seasons Market; Tom Lively, Senior Account Representative, Organically Grown Company; Geoff Keeney, Cheese Steward, Market of Choice.

**Moderator:** Evelyn Hall, North Store Manager, First Alternative Co-op

### Notes:

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#### Packaged Grocery Item Discussion: (The Kiva and Cousin Jack's Pastys)

##### Carl Nash/The Kiva Grocery Store:

*How you can differentiate your product and how you can support your product and start and successful relationship with the store?*

It is not always obvious what makes your product great, consider the label, make your brand and address visible, and make it clean and functional.

- *Ingredients:* You want to avoid any 'exit points'... any artificial that doesn't have to be there. Anything that would make someone not buy it. Rain shadow El Rancho, buffalo jerky has propylene glycol, and it says keep refrigerated or frozen. It doesn't need to be refrigerated or frozen. Hardly sold any of it all.
- *Price point:* Make it easy for the consumer to see why your product costs as much as it does, if it is higher than the national average. Have info on a website or on blog. Think about it from the perspective of a grocery store. If you want something to go in, that means something has to go out. To make this easier, have samples and have accommodating terms. Buy back stuff if you can. Make it easy on the grocery buyer.
- *Location/placement:* Talk to the buyer about where your product will be located; help make your product be displayed well, e.g., Cousin Jacks Pastys... in the freezer kind of hard to see, they came up with sliders with company name, it pushes them forward. Cool basket might help, it could be anything. Look at the physical space and see how you can make it stand out.
- *Connecting to the Consumer:* Samples - Do a demo. If people can try your product they are more likely to buy. Have a barcode, even though it cost a lot of money - good idea to invest in

one. 'Shelf talkers', anything that can catch the customer's eye. Think of things that helps consumers connect to the producer. 'Local food' is in and people are more likely to spend the money if they feel connected to you. You can make this connection; provide a picture of you and your family making the product.

Cousin Jack's Pasty - Kim and David Clark, Owners

Our product has been out for a year. It was challenging to determine a price point that wasn't too expensive. The Kiva was our first customer. We did demo's early on. Our product is located in freezer which is the most expensive grocery store real estate. We promote on all materials where our product is available.

Without grocery stores, we would have no business. We value the relationship. When grocery stores tell us what will or will not sell, that is where we get our best information. What are the new things people are looking for, what is cautionary, borderline? The main thing is that the ingredients had to be items that we would eat ourselves and fit into our lifestyle. We put into our product what we believe would be the highest value to our customers. Consider your price. Have a test store, where you test all these things out. What is the price point that works and what doesn't. Figure out if you can make that work for you. You are going to be doing demos, factor that in. You have to put your money into the product. We figured grocery level pricing with demos in mind. Past year we handed out \$15,000 of product demos and samples. It was a bigger number than originally anticipated. But we worked the margin into the product from the beginning. Some stores have requested quarterly sales, with a price break. Expect to make 10x the volume. Make sure that you have met all your regulatory agency requirements. You have to make sure that you know what is going on before you approach these guys.

**Q:** How often are you doing demos?

**A:** David has been doing demos in Ashland. Another company we are involved with does 1000 a year, and we do 5/month. If you count farmers' market and holiday amounts, that is 8x month. Don't stop doing demos because you are in the store and doing well, you will always sell more when you are doing demos.

You are competing with people who are throwing a lot of money to get there product into the store, free fills (cases), demos. Make it as low risk for the grocery store as possible. All of those things really help. For every successful product, there are many who don't get passed the shelf placement. Because they didn't come in and do the demos.

**Q:** What is the average mark-up?

**A:** At the Kiva, 1.45 or something like that.

Kim wasn't able to give a free fill, but gave the initial case at 50% of cost. Offer what you can.

Pastys had a challenge with name recognition. Small stores like Kiva are really deceiving. Kiva is small can pump out a product but a big MOC, might sell a fraction. Sell to your customers; people shop the Kiva looking for local.

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## Produce Discussion

### New Seasons Grocery Store and Organically Grown Company - OGC

Tom Lively: OGC is a produce distributor; farmers sell to us, we sell to stores. Were the 'middle man'.

- *OGC description:* We started in the 80's with one employee. This year we have 170 employees. Distribute produce between Ashland, OR & Bellingham, WA on I-5. Started as growers' cooperative, we are still 50% owned by local farmers. We are much bigger than Lane County.
- *Distributor/Farmer/Store relationships & expectations:* We have been doing crop coordination since the early 80s. We talk with the growers about how much they want to grow. Every year things change. We use last year sales projections, we interview our customers, like New Seasons. You are always trying to maintain a balance so growers are being compensated. It is an interesting balancing act. We have a regional brand, Lady Bug, creating a brand name that is organically grown in the Pacific Northwest by family farms. I always try to think in the long run, how do I create a relationship that will last 40 years, how do I show a grower that I am looking out for their best interest. You have to think where are these people at, what can you do to make their life feel easier? You get back what you give. Listen to your buyer, a lot of farmers hang out way to long in their field by themselves. It is not what is in your field, it is what is in the box. There are a lot of complaints about paying for the package, but that is a part of your product. Relationships are like gravity... they may vacation with you... the reality is unless you deliver quality they are going to get tired of doing business with you. It is your persona, your presentation. You can't show up late with your product, improper weights.
- *Farmer Standards:* Are you up to your standards? Expectations for produce in the future for our size company, your larger sales avenues. New food safety laws have been passed, need insurance, additionally insured insurances, GAPs, GMP, G10 numbers (barcodes, what field and what date); we are entering into a world where the feds are going to be involved. A new world of regulation is here.

### Kathy Bethel, Produce Promotion Specialist, New Seasons Grocery Store

- *Company/Job Description:* We have ten grocery stores in Portland (PDX), OR and are dedicated to developing a regional food system. My job is to spend time making connections between grower and consumer. I spent last week cooking oyster mushrooms. I do the Market Day which is incubation for PDX farmers. When they buy the seed they know their crops are sold. Most people moving forward don't sell to the grocer; they go to the farmers' market.
- *Expectations from a grocery store for a farmer:* Do you really want to sell to grocery store? Do you have time to make sales call, a delivery vehicle? Can you make long terms? Can you afford that? Are you going to have the insurance? Yes? Then I have some tips...

I have been both a producer and a buyer. You need to set up appointments for those sale calls. Figure out who is going to buy your product. Find out who the buyer is and set up an appt. and

give them a generous sample. When I was a producer I did a fresh squeezed juice business for restaurants. I handed them a sample and a price list, and told them to call. Don't spend a lot of time in your sales pitches. On the appts. please follow-up. The expectations are to have product arrive in pristine condition, cooled down without field heat. A box that fits in with all other boxes. Make sure that your billing is clear, have invoices. Make it easy to pay you.

### **Cheese Discussion:**

Geoff Keeny, Cheese Steward, Market of Choice

#### *Cheese consumer and cheese buyer expectations*

- I find that customers are kind of funny, the local thing may be all it takes, or sometimes they want it to be everything, all organic... the whole package. Communicate. Talk with the buyers who are with the customers day after day. Buyers have their feelers out... customers tell us, they tell us, they tell us. The regular schedules are really important; sellers need to come in a predictable fashion. A buyer doesn't want to be out before they place the order. The cheese stuff is still in development. The cheese stewards have a lot of say in what products they bring in. We have a lot of say what we get behind. The demoing is incredible; you need to do it at least long enough until the product takes on a life of it's own. Willamette Valley Cheese Co. used to demo all the time, but they don't need to anymore. Regular communication from the producer is needed. There needs to be proactivity. Invoices suggestion: don't use those small invoices. Make them big and clear. What works at the farmers market for size, might not work for the grocer. The cheese needs to be able to fit my label, if you don't have a UPC code. Product needs to be in top quality.

### **Q&A General Discussion**

**Q:** *Storage box issue:*

**A:**

- Mike Hassel's Red Hat Melons: Has a returnable box that does not nest, if grocer had some sort of standard.
- Tom Lively OGC: Europe went RPC and all cardboard and wax went away, and in Europe they come up with a great sharp system. What you need is a customer like New Season, so there's an area to hold and store the reusable boxes, so people can't run off with them.
- Kiva: Will save and reserve wax boxes for farmers to recycle.
- Pasty's: There is not opportunity to reuse a box, because traceability is so important with food safety.
- OGC: RPC could be used more widely once we build a washing facility in the Willamette Valley.

**Q:** *Liability Insurance for sampling at stores?*

**A:** Pasty's: You can add the stores onto your insurance. If you are doing a meat product, you must sell it to an end consumer, not a store or it needs to be processed in a USDA inspected facility. Pasty's has USDA inspectors in there facility all week long, they have their own keys to the facility and they let themselves in when they need to.

**Q:** *If I am doing product samples do I need a food handler's card?*

**A:** No, as long as the sample is 2 ounces or less.

*Insurance comment...*

Adding to insurance, any banker can connect you to a good rate, I go through Selco. It is only \$25 per additionally insured business. You should have liability insurance for any food sales.

*Comment on importance of professional drivers...*

A lot of you guys may one day have a delivery guy, and he needs be on the same page as you. The deliver guy could shoot you in the foot and you don't even know what happens, they may also restock your product on the shelf and they could be connecting to your consumer. I have seen countless people doing all kinds of not great stuff.

I made \$40,000 more this year because I replaced a driver (unknown source).