

# *Wholesale vs Retail Sales for* **SPECIALTY CROP FARMERS**



**MIFFS**  
**Michigan Food &  
Farming Systems**  
Supporting the Many Faces of Farming



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# Retail Channels



## Farm Stand

This is the typical first leg of the sales journey for a new specialty crop farmer. Many new farmers start with a stand-alone produce stand with an honor system cash box. Farm stands are most successful in high-traffic areas but take time and resources to build up a robust clientele.

## Farmers Markets

A farmers market is the next step for many. Running a farmers market stall requires time and patience while getting started. Finding a farmers market in your area is one option. Though you may want to travel farther away from the farm to increase the number of potential customers.

## Online Sales

Farmers are using online platforms for direct to consumer sales but maintaining inventory can be challenging and time consuming. Single customer logistics can take up time if you don't have a physical retail location. This can be profitable to reach a larger pool of customers without a lot of physical space and overhead.



## What comes next?

Once you have maximized your sales potential you may want to expand your revenue stream into one of many forms of wholesale. It is also possible that you skip right over the retail, and develop a business plan specifically designed with wholesale in mind. Some farmers prefer this method because they would rather farm than work a market stall.



# Selling Specialty Crops to Wholesale

Business models are fluid and it is beneficial for farmers to periodically look at their business model to discern when it is time to seek new sales channels. Selling specialty crops wholesale means asking yourself some questions about your business. Some growers begin their business selling wholesale. Others opt for a direct sales venue like a farmers market or farm stand and find out that they are unable to sell all their product during set market hours. Life changes that take a grower away from the market could also be a reason to consider a switch. People may be unable to build considerable time for developing relationships at a farmers market. As experience grows so does the predictable stream of quality produce and as this happens, it may be time to consider selling larger amounts all at once, or wholesaling.



## But where do you start?

Growers interested in wholesaling need to develop relationships with potential customers. The beginning of a wholesale journey involves careful observation. As you identify potential customers you can start to discuss the various purchasing styles of customers. It is a good idea to start with businesses that you already patronize.

Are there any restaurants near you that feature locally-grown products on their menus?

Is there a grocer or convenience store that promotes locally-grown produce?

Are there any certified kitchens or cottage food businesses that appreciate the value of local produce?



# *Clear Communication is Key*

Finding businesses that are interested in your product is very exciting. It is important to be clear on what you can deliver for the customer and not to over promise on quantity or delivery time. Clear communication about amendments in your product availability is always important. The customers will expect a consistent supply of fresh, high quality produce. Also, be clear about processing procedures, noting if it is washed and how it is packed.

Thoughtfully building your customer base will help to ensure you maintain a high standard of product. A well-served customer may want to purchase everything you have available or even recommend you to new customers.



## *As a farmer, be ready to share:*

- Growing Practices
- Certifications
- Quantity
- Variety
- Availability

## *As a business, retain customers through:*

- Consistency
- Communication
- Quality
- Flexibility
- Forecasting



# What is a Fresh Sheet?

A fresh sheet is a tool that many specialty crop growers use to let customers know their product availability. See an example below:



  
**YOUR LOGO**  
company logo design



**Name Of Company**  
WWW.COMPANYWEBSITE.COM

**About Us**  
Include a brief history and growing practices; list any certifications; what should a buyer know about you?

**Highlights**

- Short Descriptions, like:
- Great Communication
- Triple-Washed Produce
- Over 25 products
- Signage Available
- GAP Certified

**Purchasing & Delivery Information**  
List any specific packaging or processing information.  
Do you have different options?  
Do you have flexibility in packaging or quantities?  
Certain delivery days/times?  
Are purchases made online? Through email? By phone?

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CONTACT NAME  
COMPANYNAME@GMAIL.COM  
555.555.5555





# Buyer Types

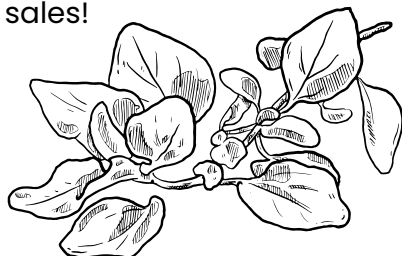


## Individuals + Families

A family canning 40 pounds of tomatoes for the winter will probably have plenty of time to chat and share recipes. The quality may not need to be prime because the end product may be heavily processed before use. This type of wholesale transaction can be managed from your retail venues. Buyers using bulk quantities for canning or storage prefer advanced notice of when product will be available to make it easier to prepare for processing.

## Retailers

Retail establishments that will resell your produce enjoy the simplicity of a fresh sheet. As you get to know the buyers they will let you know how they prefer to conduct their ordering process. Some will want to text or email, while others prefer a more personal weekly visit to talk over available product. Taking the personal approach and suggesting products may help increase sales!



## Chefs + Grocers

A busy restaurant chef or grocer may not be chatty at all and just want to send you a quick text message or email to place an order to save time. They will be much more consistent. Work with them to find ways to anticipate larger or smaller orders due to big events or slow weekends. These times can be communicated across your customer base and will reduce the chances that your hard work will not go to waste.

## Distributors

Distributors working with lots of farmers likely will have a digital interface where you will enter your available product into the system. Talking to a human may only happen at delivery or while you are planning your season. It's still important to give a heads-up when your quantity changes or a crop is not ready when you forecasted.





# How do I know it's time to start selling wholesale?

## Ask yourself these questions:

### Concerning Logistics

- ▶ Am I looking to diversify sales?
- ▶ Am I okay with taking less money for my product, if I'm selling more?
- ▶ Do I have product with a consistent harvest window?
- ▶ Do I have products that others near me don't grow?
- ▶ Do I have a significant harvest of desirable crops?
- ▶ Can I look at my product and estimate harvest quantity?

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### Concerning Quality

- ▶ Am I growing enough to separate out consistent sizes and have significant quantities?
- ▶ Can I identify issues like pests and diseases to know when my product is not sellable?
- ▶ Do I know the best time and size to harvest?
- ▶ Do I know what temperature to store produce to safely maintain quality? Do I have somewhere to store it?



# How to Price for Wholesale

Pricing is challenging when you grow many kinds of vegetables but making sure you aren't losing money on a crop is important. Growers can set minimums such as 24 heads of lettuce per box, and check existing resources such as vegetable terminal markets for standard amounts. Local produce and specialized growing practices incur a premium to be considered when determining price.

**Cost to Produce + 15–20% Profit Margin = Wholesale Price**

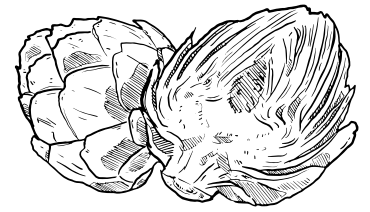


## Looking for more wholesale resources?

- [Hoophouse Production + Marketing Guide](#) from Michigan Farmers Market Association
- [Specialty Crops Terminal Markets Standard Reports](#) from the USDA



# Planning Your Week



The week of a wholesale specialty crop farmer has some standard practices that, if done regularly, will help your business expand. Here are some of the examples of the basic tasks unique to wholesale farming.

## Forecast Harvest

What produce and quantities do you anticipate harvesting?

## Compose + Distribute Buyer Notification

Make fresh sheet and enter availability into customer communications.

## Answer Questions

In the beginning, customers will have questions; work the answers into future fresh sheets to improve communication. For example: What types of kale do you have this week? Is it all the same type or a mix? What general size are the leaves?

## Harvest

Best done in the early, cool hours of the morning. To ensure the quality and longevity of product, put harvest directly into a cold cooler or refrigerator.

## Pack + Store Orders

Accurate packing and proper storage yield customer confidence.

## Delivery

Always deliver at communicated delivery time with an invoice or a receipt. When delivering to restaurants, be mindful of times in the day that may be busy.

## Follow Up + Record Keeping

This will help you become a better predictor of your availability and track changes in your business.



# Concerns of the Wholesale Customer



- ▶ What condition will the produce come in and will I have to do a lot of work to make it useable/sellable?
- ▶ Will it be in food safe containers, one-time use bags?
- ▶ Will I get it in time for my event?
- ▶ If I need something outside the farmers' regular delivery schedule, will I be able to get it?
- ▶ Is it labeled properly with the harvest date, name of the farm, and weight?
- ▶ Are the delivery person's boots clean?
- ▶ Do they have an invoice for me?
- ▶ Have we discussed terms or will I pay them at delivery?
- ▶ If I find something is really popular, can I get it next week?



# Regulations + Guidelines

Can I wholesale my produce? Does my operation meet the regulatory considerations of my state and municipality? Schools and hospitals often have additional layers of food safety regulations you will need to meet. Learn as much as you can about these regulations (or requirements) before you approach the buyers.

***Some buyers may want to conduct a farm visit before purchasing from you. For larger operations, traceability and record-keeping processes may be a requirement.***





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