

Marketing Fresh Produce to Restaurants

Introduction

A 2003 survey of restaurant chefs who had purchased local products by the University of Nebraska reinforced what some Kentucky producers have already discovered: local restaurants may be a good niche market for farm goods. The chefs surveyed gave these reasons for purchasing locally: ¹

- Locally grown foods are fresher and have a higher or better quality
- Customers have requested local products, especially after already the restaurant has carried local foods for a period of time
- Unique or specialty products are available locally

Indeed, many chefs prefer purchasing locally grown produce due to superior taste and quality. Diners, especially those frequenting fine dining or “white tablecloth” restaurants, are similarly interested in locally grown food.

Chefs, like their customers, are quite concerned about the safety of their food products. Because they may be more acquainted with how local produce is grown, chefs may view local produce as safer than that purchased wholesale. Producers marketing to restaurants, like all other produce growers, must take every care to maintain the safety of the food they deliver.

Produce growers wanting to explore the restaurant market will need to:



- Develop **relationships** with chefs
- Understand effects of pricing on their financial **returns**
- Manage potential **risks** from a new or developing market channel
- Prove their **reliability** by offering consistent product quality and superior service to chefs and restaurants

Relationships

A key for marketing produce at any level is developing a good relationship with your customer. When selling to a local restaurant, it is critical that you get to know the person who will be buying and using your products. This is most often the restaurant’s chef but might also be the business manager, kitchen manager, owner, or even a pastry chef.

You may already know a restaurant’s chef or personnel from your local community. If you are approaching a restaurant with which you are unfamiliar, always remember that you are a salesman for your farm’s products.

Strategies that help begin a sales relationship include:

- Dressing professionally and presenting yourself honestly
- Making an appointment at a time when the chef is not busy

- Finding out as much as possible about the restaurant before you visit—signature dishes, target clientele, awards won, chef’s background and education, etc.
- Developing a neat, professional handout or brochure about your farm/market garden that describes you and your production
- Bringing samples of your produce for the chef to taste or prepare
- Making sure the chef knows when and how to contact you

Returns

Local producers can sometimes demand a premium above wholesale price. These premiums commonly range from 5% to 25% (and sometimes more) than the current wholesale market price. In other cases, produce may be grown at a lower cost locally, and that savings passed on to wholesale customers. In general, chefs are often willing to pay a little more for high-quality, reliable local produce.

There may be additional costs affiliated with marketing to restaurants. Growers that are spending extra time to prepare a product specifically to a chef’s specifications should set a price that accounts for their extra production time. Another “hidden cost” can be the expenses of time and fuel used to deliver the produce to the restaurant.

It is important for producers to understand wholesale prices that restaurants are accustomed to paying for produce. Kentucky producers can find links to various websites containing price information at the UK HortBiz website.

There are also non-financial returns for growers selling to local restaurants. Some establishments, including Kentucky’s state park resort restaurants, may feature the name of the farm or grower who supplied certain items on their menu. Producers who establish good relationships with chefs may find that they also have another market for lower-grade produce that the chef is willing to buy to process for soups, sauces, salsas, etc.

Some restaurants may demand highly perishable specialty crops. High-end restaurants are sometimes willing to pay whatever it takes for a producer to deliver hard-to-find, specialty produce. A producer may find that offering a product a restaurant can’t get anywhere else is a good way to build new markets. Growers marketing to restaurants may need to adapt their production system and products to supply exactly what the chefs are looking for.

Squash blossoms and other edible flowers, pawpaws, specialty peppers, organically grown produce, and heirloom tomatoes are examples of specialty crops that have been successfully marketed to restaurants by Kentucky producers.

Producers will also need to realize that they may incur extra costs to deliver their produce to a restaurant. In less common instances, smaller restaurants may be willing to pick up produce when a grower is in town at a farmers’ market. A properly prepared production budget will help a grower determine if additional profits from selling to restaurants cover additional costs of delivery.

Risks

The most significant risk when marketing to local restaurants is losing the customer by delivering poor quality product. A grower simply cannot deliver an inferior product to the chef, who is purchasing the product for its quality.

Another risk for producers is slow customer payment. Some restaurants will pay monthly; others pay on delivery. Kentucky’s state resort park restaurants, which started purchasing produce directly from farmers in 2004, advertise payment within a week. Producers may reduce the risk of slow or default payments by keeping all accounts current.

Both the seller and the buyer should have a clear understanding of how payments will be handled at the start of the season. In some cases, a simple contract or written agreement may prove an effective tool for both the restaurant and grower.

Certain customers may require a grower to carry product liability insurance (PLI). This insurance is one of the most comprehensive means available for protecting yourself from potential product liability.

Reliability

SELLING AND SERVICING YOUR PRODUCE

Selling to restaurants can be both personally and financially rewarding for growers. Marketing to local restaurants also offer growers the opportunity to develop their direct marketing skills, perhaps leading to other market opportunities. To emphasize our previous points, the two most important factors for successful produce sales to restaurants are growing high-quality, tasty crops and growing good relationships with chefs.

“Servicing” your product can be as simple as keeping in regular contact with the chef, or whoever makes the purchasing decisions. In addition to their scheduled delivery time, most growers who successfully market to restaurants are in contact with the chef at least once more per week. Other ways that growers can “service” produce they have grown include:

Product and Seasonal Updates

Restaurants may not only purchase your product because of its superior quality, but also because offering locally-grown products is attractive to customers. Providing news about how your produce is grown and how the season is going can provide the restaurant with information to market its food. It can also help you keep a good marketing relationship going in the face of extraordinary weather or pest problems that might interrupt your planned harvest schedule.

Good Business Practices

Restaurants will appreciate you providing a simple method of billing. Use consistent, straightforward invoices. If the restaurant has the option to pay you by direct deposit by electronic fund transfer, this will save them the expense of delivering you the check—and probably result in quicker payment for you.

Suggestions for New Products

Once you’ve established sound relationships with a customer, they will be more likely to consider purchasing new products or services from you. For example, showing a restaurant that you can deliver consistently fresh tomatoes may make them open to trying a higher-priced heirloom variety.

Producer Networking

You may know other producers that offer crops you do not. Suggesting these suppliers to a restaurateur may help them serve up even more local options. Be sure to recommend growers that you are confident will not try to undercut you or sell produce you are supplying.

¹ Brad Zumwalt, “Approaching Foodservice Establishments With Locally Grown Products.” Food Processing Center, Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln. June 2003, p. 4
<http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1000&context=fpcreports>

More Information

- Horticulture and New Crops Marketing (University of Kentucky HortBiz)
<http://www.uky.edu/Ag/HortBiz/marketinfo.html#gen>
- Local Food Connections From Farms to Restaurants (Iowa State University, 2002)
<http://www.extension.iastate.edu/Publications/PM1853B.pdf>
- Selling Directly to Restaurants and Retailers (University of California SARE, 2003)
<http://www.sarep.ucdavis.edu/cdpp/selldirect.pdf>
- Selling to Restaurants (Eric Gibson, Arizona State University, 1995)
<http://ag.arizona.edu/AREC/pubs/dmkt/SellingtoRestaur.pdf>

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