

Local Food Connections

From Farms to Restaurants



Through direct marketing of their products, Iowa farmers and producers are forming a stronger connection with their customers and obtaining premium prices for those products. One potential direct marketing customer is the local restaurant.

Each year, restaurants purchase large quantities of food for their operations. Connecting restaurant managers and chefs with local growers and producers can benefit both parties.

Market Size and Opportunity

The food service industry is one of the largest industries in the United States. Currently, nearly 50 percent of the food dollar is spent on food eaten away from home. Much of this food is consumed in restaurants. Nationally, the restaurant industry's food and beverage purchases exceed \$140 billion each year.

Restaurants are considered a cornerstone in a community's economy. Nearly every community has at least one restaurant and most communities have many. These restaurants typically provide food for at least two meal periods a day. Some provide food from early morning until late evening. Most are open at least six days a week; many are open seven days a week, 365 days per year.

Most restaurant operations have a printed menu of foods to be served. Many offer "chef specials" that change on a daily or weekly basis. The price charged for each menu item typically is calculated based on the cost to the restaurant of the food item being served. A common guideline used in restaurants is that the food cost for a menu item should be 30 percent, or less, of the price charged for that item.

The chef or manager most often is the person who purchases the food for the restaurant. The number of suppliers a given restaurant will use varies greatly. Payment for food is usually by check. Payment may occur at the time of delivery or will be sent.

Restaurant Expectations

Restaurant operators have several expectations when considering whether to purchase locally grown or produced foods. These include:

- seasonality and availability of products
- adequate volume to meet needs of the restaurant
- product packaging and labeling to meet safety regulations
- ease and efficiency of ordering and payment
- competitive price

Seasonality and availability of products may impact your ability to sell to restaurants. Work with the restaurant manager or chef to encourage use of local products when available. Restaurants can switch back to their traditional vendors if or when you no longer have a product due to seasonality.

Restaurant managers and chefs prefer dependable suppliers. Developing a selling relationship with a restaurant means making contact on a weekly, not periodic basis.

Many restaurants have printed menus that change infrequently. Foods are purchased to meet this printed menu. Producers may find it difficult to know in advance exactly what day food items will be available for sale. Coordinate with the restaurant manager to find ways to build flexibility into published menus to allow for harvest timing.

Many restaurants also will offer daily “chef specials” that might feature locally grown or produced items. Work with the restaurant manager or chef to coordinate featuring your products.

Adequate volume can pose greater challenges for direct marketing to larger restaurants. Having sufficient volume to meet the needs of the restaurant and having the product ready for harvest when the restaurant is serving that food item is particularly challenging. Meet with the restaurant manager or chef to determine which products you have in sufficient volume to meet the restaurant’s needs.

You also might consider meeting

with the manager or chef prior to planting each year. Knowing products that a restaurant will use might assist with your planning.

Product packaging and labeling are issues that pertain to compliance with government (state and national) regulations for food safety assurance and manager ease in ordering. High levels of pathogenic bacteria (such as *Salmonella*, *campylobacter jejuni*, and E. Coli O 157 H) and the presence of parasites are concerns for all foods. There are few regulations regarding selling fresh produce items, however exceptions include items such as raw seed sprouts and cut melons.

Packaging your products in consistent amounts into sturdy containers approved as food contact surfaces is important. Restaurant buyers prefer to have a set number or weight in each package in order to facilitate purchasing, receiving, and inventory control of the product.

To protect the quality, particularly of fresh produce, sturdy containers with appropriate packing and proper transportation must be used. Plastic bags should be approved for food storage. (Many large plastic bags are treated to reduce garbage odor and as a result are not safe for food storage.)

Restaurant managers and chefs may expect growers to follow good agricultural practices and/or may require growers to have commercial liability insurance.

A restaurant manager, for example, likely will not buy salad greens from a grower if it appears the

greens are packed in boxes previously used for another product or delivered in the back of a pickup truck not thoroughly cleaned prior to loading.

Ease and efficiency of ordering and payment is another concern. Restaurant managers most often order supplies from a vendor once a week for delivery within the upcoming week. These orders may be placed in person to a company’s salesperson or placed through telephone, fax, or electronic transmission. Invoices for food may be paid upon delivery or sent (usually within 30 days) through the mail. Discuss payment procedures during the initial visit to the restaurant.

Marketing Strategies

Producers can choose from two marketing strategies: going it alone or working together with other producers.

Going It Alone

One way to sell to local restaurants is to approach the restaurant as an individual producer. As with other direct marketing efforts, you can do several things to increase your chances of being successful with such an effort.

Do your homework. It is important before meeting with potential buyers to know:

- products you will have for sale
- how your product will be sold (by the pound, the bunch, individual pieces)
- volume you could provide
- months you could provide the products
- how frequently you could deliver

- if there is a product guarantee and return policy
- selling price (Research wholesale prices so you know what the restaurant currently is paying for a similar product.)
- restaurant's needs (Determine, before approaching the restaurant, what items are being served on their menu. The more you understand and can accommodate the needs of the restaurant, the more likely your chances to be a supplier.)
- benefits of buying from you (These benefits may include supporting a local farmer and/or business; getting a fresher, higher quality, and/or better tasting product; ability to grow or raise products to meet specific needs of the buyer. For example, vegetables of a certain size because the chef prefers them that way.)

Have clear and appealing information available for the buyer. This should include a product and price list and, if possible, an appealing brochure or handout describing the farm in a way that emphasizes the benefits of buying directly from you.

Call the buyer first and set an appointment. Professionalism and courtesy are key to establishing a good direct marketing relationship. Do not expect a response from sending information through the mail to restaurants. Direct marketing is based on developing a relationship of trust that will require in-person meetings. Dropping in on restaurant managers without an appointment is not a good way to establish a new business relationship. Avoiding busy meal times will result in a more productive meeting.

The idea of buying from a local farmer may be a new concept to a restaurant manager. Remind them that you live in or near the community. Perhaps you eat at their restaurant, or perhaps you share some friends, neighbors, or history. These are important factors in building direct marketing relationships. Be prepared to sell or explain the idea on the phone in order to get an appointment, and a willingness to at least "explore the idea further at another meeting" may be initially the best commitment you can get.

Make wise commitments and be responsive to the buyer's needs. Don't commit to provide a product until you are sure you can meet that commitment. If you do not deliver on a commitment without good reason, the buyer may become disinterested and an opportunity to sell will be missed. Also, don't commit to a price below your needed profit margin. If the restaurant cannot pay the price needed, look for a different market. After an account is established, stay in touch regularly with the buyer to see how it is working out and if there is anything that needs to be changed. Being responsive to the buyer's needs is the key to maintaining and growing a direct marketing relationship.

Working Together

Around the country, programs are being formed to link multiple local growers/producers to local foodservice operations. These programs often are organized through the initiative and support of public or not-for-profit organizations that want to help local growers/producers develop new markets. There are several strategies to consider:

Local grower/producers sell as individual vendors to the restaurant, but the link between the farm and the restaurant is developed through a not-for-profit organization. For example, the Practical Farmers of Iowa (PFI) has served as an intermediary between growers/producers and local restaurant managers in central Iowa. The PFI group has sponsored workshops to facilitate discussion among growers/producers and restaurant food buyers, developed materials identifying names and products of local growers/producers, and served as a broker to link local growers/producers and restaurant food buyers.

Growers/producers organize a cooperative alliance to market and sell their products. Initiating a cooperative effort among several local growers/producers can reduce some of the obstacles to selling to local restaurants. Combining efforts often allows the restaurant food buyer to make one call to order local food products and can help ensure that sufficient quantities will be available to meet the restaurant's needs. Such cooperation also allows for one payment to the cooperative by the restaurant rather than multiple payments to individual growers/producers.

There are advantages to a coordinated effort. For example, joint marketing will minimize time spent by each grower/producer while maximizing the number of contacts made. Second, joint efforts can provide assistance in sorting out issues such as price, packaging, and delivery.

By working together, farmers can develop new markets that would not be possible to serve as a single grower.

Resources

Custom veggies gain ground with small farmers who sell to chefs, (1998, March 12). *The Wall Street Journal*, p. A1.

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2002 Iowa Fruits and Vegetables Growers Directory. Available at: www.agriculture.state.ia.us/Fruit&VegDirectory.htm

2002 Family Farms Meats Directory. Available at: www.agriculture.state.ia.us/meatdirectory1.htm

World Wide Web Resources

Community Food Security Coalition
<http://www.foodsecurity.org>

FDA Food Code
<http://www.foodsafety.gov/%7Edms/foodcode.html>

Food Routes Resource Center
<http://www.foodroutes.org>

Hotel, Restaurant, and Institution Management Extension
<http://www.extension.iastate.edu/pages/families/hrim>

Iowa Department of Agriculture and Land Stewardship
<http://www.agriculture.state.ia.us/>

Leopold Center for Sustainable Agriculture
<http://www.ag.iastate.edu/centers/leopold/>

North American Farmers Direct Marketing Association
<http://www.nafdma.com>

North Central Initiative for Small Farm Profitability
<http://www.farmprofitability.org/>

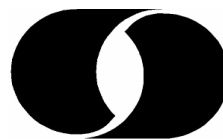
Practical Farmers of Iowa
<http://www.pfi.iastate.edu>

Taste of Iowa
<http://www.atasteofiowa.org>

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