



## Direct Marketing Strategies

# Selling to Grocery Stores and Food Co-ops

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Washington now has over 400 independent grocers according to the Washington Food Industry Association ([www.wa-food-ind.org](http://www.wa-food-ind.org)). In fact, Washington ranks second in the United States for the greatest number of independent grocers. These are grocery stores owned by a family, sole proprietor, or partnership. And there are now 20 food co-ops in Washington according to the National Co-op Directory ([www.coopdirectory.org](http://www.coopdirectory.org)). We know of at least three new, food co-ops in the Tri-Cities, Yakima and Ellensburg that are not in the directory. These independent grocery stores, including specialty markets, natural food stores, and co-ops, often have more flexibility to buy directly from farms. Increasingly, working with local farms is a core value that gets integrated into independent grocers' mission and business plan.

When approaching an independent grocer, one of the first steps is to find the buyer for the department your product matches. Typically, you can call ahead or visit the store and ask for a buyer. Setting up an appointment is recommended. Be sure to share your product samples, a product list for the full season, and pricing with the grocery store. It is also good to bring your business license, and any other certifications you might have such as Organic Certification or a Good Agricultural Practices (GAP) certificate.

Independent grocery stores may buy anywhere from one case to multiple pallets of product from farmers, depending on their scale of operation and what you can supply. Having high quality products and delivering what you said you would when you said you would are imperative for a successful relationship with a grocery buyer.

Grocery stores generally require deliveries in boxes that are labeled with your farm name and a product description. The product description should include the product's quantity if bunched and sold by the each, or weight if bulk and sold by the pound. Ask the buyer what sort of packaging or labeling requirements they prefer before you deliver. Products may also need to be sized or graded to industry standards.

To set your prices, consider subtracting 35 to 45% from your retail or farmers market price to create a wholesale price for a grocery store. It is vital to be able to explain your prices to the grocer so that they are more likely to pay what you need and can explain it to the end customer. Grocers may pay more if there is a good reason such as a special flavor, variety, or something else that makes your product special. As they work with you, they may also offer feedback and support as your business evolves.

Farmers selling to grocery stores and food co-ops will need to establish good bookkeeping systems that include clear invoicing and accounts receivable. Most grocery stores will not pay on delivery and may pay monthly. They may be set up to work with distributors and often do not have time to dedicate to handling individual farmer invoices. A good, clear, or professional invoicing system could

set you apart from other vendors. It is important to keep track of deliveries and always be sure to get a signed invoice in duplicate. File one copy for yourself.

Grocery store point of sale (POS) technology at the cash register may require a PLU (product lookup number) or UPC code (Universal Product Code that is represented by a barcode) on products. UPC codes are used to identify primarily packaged products. A UPC code is a unique 8 or 12 digit number accompanied by a barcode that identifies a manufacturer and their product. A UPC code can be purchased from a UPC generating business. UPC codes can be expensive, so check with the grocery store to make sure they are required. Be sure to plan ahead that there is plenty of a supply of the sizes of packaging and flavors you want to use in order to minimize the long term costs. For example, if you were to have a UPC code for jam you produce, the product number would vary to represent each different size of the same flavor and to distinguish flavors of the same size.

Most grocers use the universal PLU numbers to identify bulk produce, herbs and nuts. Growers, packers and shippers are reminded to check before ordering PLU labels to ensure PLU information for their use is current. A complete list of Global PLUs is available on the Web at [www.plucodes.com](http://www.plucodes.com). Look under Produce Coding.

Farmers may increase sales and visibility with customers by creating point of sale signage that highlights your farm and growing practices with pictures. Be sure to talk to the grocer about what size of signage would work best in the store. Sampling by the producer has been found to significantly increase sales.

### **Benefits of Selling to Grocery Stores**

- Great market for larger quantities of quality items.
- Opportunity to reach a larger customer base and educate consumers about your products.
- Can be a strong outlet when harvest is more abundant than planned.
- Possibility for long term relationship and feedback for new products.
- Opportunity for custom growing.

### **Challenges of Selling to Grocery Stores**

- Communication with buyer needs to be constant, and may need to be daily.
- Must meet orders and deliver deadlines.
- May not be able to sell enough quantity for profitability.
- May need standard sizes; labeling and packaging.
- May need to get a PLU or UPC code on your product.

Some farms join together officially as marketing co-ops or use aggregation in the form of a food hub to get the volume of product needed for grocery store sales. Ensuring product traceability is very important in aggregation and may require significant coordination and labeling.

Okanogan Producers Marketing Association (OPMA) brings together 6 small family farms to sell a large variety of fresh fruit and vegetables delivered to grocery stores around the state in one truck with one invoice. More information at: [www.okanoganproducers.org](http://www.okanoganproducers.org).

In addition, the National Sustainable Agriculture Information Service (ATTRA) has free online overviews on “Selling to Grocery Stores” [www.attra.ncat.org/attra-](http://www.attra.ncat.org/attra-)

[pub/summaries/summary.php?pub=387](http://www.attra.ncat.org/attra-pub/summaries/summary.php?pub=387) and “Selling to Aggregators/Grower Marketing Co-ops”  
[www.attra.ncat.org/attra-pub/summaries/summary.php?pub=402](http://www.attra.ncat.org/attra-pub/summaries/summary.php?pub=402).

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## Recommended Fact Sheets

- 4. Licensing
- 7. Insurance
- 19. WSDA Food Processor License and Facilities

*For further information, to provide comments, or suggest a resource to add to this fact sheet, please email [smallfarms@agr.wa.gov](mailto:smallfarms@agr.wa.gov) or call (360) 902-2888.*