

Introduction to Wholesale for Local Farmer and Ranchers

When making the decision to sell wholesale it is important to understand what wholesale is and how wholesale pricing and volume impacts your business. If you are currently selling directly to your consumer at a farmers market or through a CSA you are selling at a retail price. If you are selling into a distributor or to a grocery that then sells to another customer that is considered wholesale. Wholesale opportunities usually offer a larger volume sale at a lower per unit price.

In addition to demanding a lower price wholesale buyers also typically demand a high quality of product, consistency, food safety and visual appeal. Wholesalers expect produce to be clean, free of all blemishes and packed in new or sanitized reusable packaging.

Distribution:

You can move into wholesale either by distributing your products yourself or you can work with a distributor. When self distributing you sell directly to the retail outlet that will then sell your product to consumers. When using a distributor your product is purchased by the distributor, sold to another buyer and then ultimately sold to a consumer. Always factor distribution or self distribution costs into your pricing. Whichever approach you choose, expect to need to be clear, direct and timely in all communications with your buyer.

Pricing:

You will need to understand how to price your product for wholesale markets. Unfortunately there is no shortcut to research when identifying the proper price for your product. Some distributors can help you by supplying a range of pricing at which your product will sell. Restaurants and groceries will often readily share what they are currently paying for a given product. Surveying pricing at a grocery can also help you get into a workable pricing range. Do not forget to account for a 35%-45% margin on any retail pricing you survey.

What is your value proposition:

Be prepared to tell your prospective buyer exactly why your product is best. Do the cold Central Oregon nights make your kales sweeter than others? Is your soil perfect for carrots? Are your animals grassfed, and why? Buyers will want to understand why they will be able to capture the retail price and who they are partnering with. When you sell wholesale you are asking the buyer to sell their relationship with you to their customer. Make this easy for them!

Do wholesale markets make sense for you?

Wholesale can be a great way to increase sales and reduce transactions, however, it does not make sense in all business models. Capturing the full retail sale may have more value than reducing the overall number of transactions. Wholesale market demand may not match up with supply, volumes or prices that make good business sense for the farmer or rancher. Every farm and ranch is different and it is important to understand if and how wholesale fits into your overall business plan.