

A Systematic Approach to Produce Wholesaling

Fact Sheet 648

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Introduction

Growing quality produce and properly packing and grading it are essential for effective wholesaling. However, unless farmers can locate customers and sell their produce, these efforts are wasted. A recent survey by the authors of this fact sheet shows five major factors that affect long-term marketing success as rated by buyers in the Baltimore-Washington market (Figure 1). As expected, providing quality produce is most important (40 percent). However, buyers also suggest that growers be informed about their product (19 percent), maintain positive client relations (13 percent), and provide good service (16 percent). The total for these last three areas (48 percent) exceeds the buyers' need for quality produce.

It is important that local farmers realize that produce does not sell itself—they must sell it. A farmer's approach to sales is often the deciding factor in profitable wholesaling. A systematic approach to sales can help farmers manage their time, effort, and effectiveness and consequently increase sales.

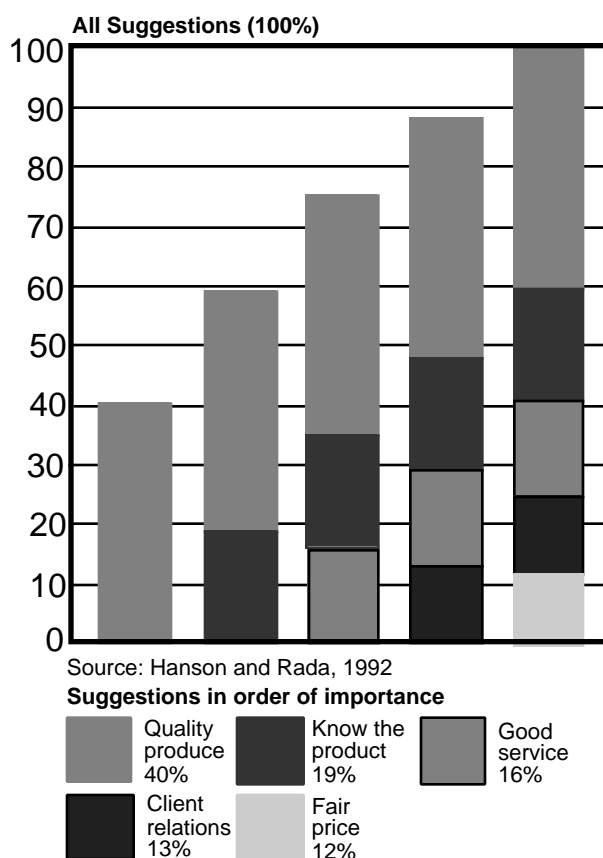


Figure 1. Buyers' suggestions to farmers for long-term marketing success.

Figure 2 shows the steps a farmer can follow to acquire loyal produce customers. First, by preparing, farmers learn basic selling skills. Prospecting identifies potential customers. Evaluating these potential customers results in qualified customers. Selling produce gives actual customers. Finally, supporting these customers with good service yields loyal customers.

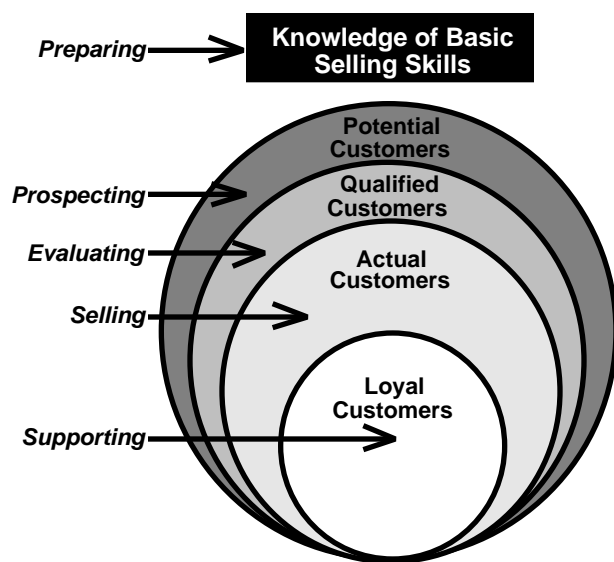


Figure 2. Steps to acquiring loyal customers.

Preparing—Basic Selling Skills

Selling should not be viewed as a win or lose proposition. Because the goal is to build long-term selling relationships with local buyers, you need to adopt a win-win attitude. Today's successful produce marketers focus on meeting their customers' needs. These farmers raise produce that their customers request rather than trying to find customers for the produce they grow.

Best-selling books on sales, such as *In Search of Excellence*, *Sell Like A Pro*, and *Guerilla Selling*, give many examples showing the importance of placing the customer first and making customer service a top priority. A common theme of these books and others like them is that successful selling involves three main ingredients: product knowledge, selling skills, and attitude.

The farmer needs to possess enough product knowledge to feel comfortable discussing a product's features, advantages, and benefits. Adapting a sales presentation to a customer's needs is essential. A grower not only needs to know his or her priorities when selecting a

specific variety of fruit or vegetable to grow, but the grower also must look to the requirements of buyers and consumers. In addition, many buyers depend upon their suppliers for information concerning characteristics and advantages inherent in specific varieties. A grower who can inform a buyer about produce becomes an asset to that buyer.

Selling skills are conversational skills since selling is a directed conversation. Maintaining a proper attitude toward customers and their needs is a key ingredient. A cheery smile and happy countenance can be difficult to maintain on some days; however, any nonverbal message of glumness or dissatisfaction from the farmer can be easily misinterpreted by the buyer, sabotaging the sales process. A positive attitude is so important that a common credo is "The sales department is not the entire company, but the entire company is the sales department."

In general, while buyers want to know the features, they buy for the advantages and benefits. A feature is an objective and observable characteristic (Gallagher et al.); an advantage is what the feature does; a benefit is the payoff of the advantage. Benefits are defined by the individual prospect's needs; thus, they are not the same for all buyers. A list of benefits should be arranged in order of their importance to the buyer. An example of a feature for tomatoes is vine ripened; its advantage would be superior color and flavor. The benefits could be superior shelf display or satisfying consumer preference. In the food service industry the saying is, "Sell the sizzle, not just the steak."

Prospecting for Potential Customers

There are different types of produce buyers. These buyers include independent food stores, chain food stores, specialty retailers, restaurants, nursing homes, and wholesale distributors. Prospecting begins with the local grower objectively assessing his or her farm and its capabilities and then matching it to the appropriate buyer(s). There are many factors that affect the number, type, and mix of customers a farmer may choose to approach.

Factors Affecting Choice of Customers

Acreage and crops grown. Some customers require a diverse mixture of produce and others require high volumes of only a few.

Availability of onfarm labor. Laborers may be needed to free the grower for marketing purposes.

Methods used for harvesting, packing, and cooling fruits and vegetables. A small farm with no cooling equipment growing a high-respiration vegetable, such as sweet corn, might have difficulty selling to a large supermarket chain but may find a small specialty food store a willing customer. A farmer who grows tomatoes may find many sandwich shops eager to buy but may need other vegetables to make the sale and delivery profitable.

The type of delivery vehicle. The type of vehicle has a bearing on what types of customers can be served, as well as the distance one can travel to service a customer. A grower with a pickup truck might not be able to deliver large enough quantities to satisfy certain customers. Also, fruits and vegetables react to the rigors of heat, movement, and certain gases—the USDA estimates that 5 percent of fresh produce is lost during transport (Aylsworth). The longer the distance, the more the likelihood of damage unless a grower uses specific techniques for cooling, stacking, and stabilizing a load.

When gathering information on potential customers, it is important to identify a geographic area that can be serviced by a local grower. Maps of counties and municipalities help the farmer visualize the prospective territory. The next step for the grower is to identify the location of the accounts to whom he or she has decided to sell. This information comes from three basic sources: research, contact, and surveillance.

Telephone directories, newspaper advertisements, regional trade newspapers, and throw-away shopping circulars are sources to research. Additional leads can be obtained from city and commercial directories available at libraries.

Farm supply salespeople, Extension agents, and other local growers can be important contacts for uncovering potential customers. Regional food shows and expos are excellent arenas to meet buyers.

Surveillance is simply being aware of one's surroundings and the activities that take place. Observing new construction and remembering conversations about where people shop and eat help build a list of prospects.

Evaluating Yields Qualified Customers

Before presenting fresh produce in a sales call, a local grower should make a cold call on the account to assess the prospect and determine whether the grower has the products that the account uses. The object of a cold call is not to sell but to gather and exchange information.

The grower needs a system to record this information in a meaningful and useful way, to plan sales calls and deliveries, and to analyze opportunities for sales. The Customer Information Form found on page 4 of this fact sheet is only a guide, but it lists the basic information the grower needs. Gathering data is an ongoing process; the form should be updated on a regular basis. If the grower is not successful with a prospect, the information sheet should not be thrown away. Circumstances change, people are transferred, stores are reset, and suppliers are switched.

In filling out the form, include both company name and corporate name if they are different. List the corporate name first, then the company name, for example, "ABC Corporation, trading as My Restaurant." (This situation is common in the food service industry because liquor licensing boards require both names.)

The grower should get the names and titles of important people who could influence the sale. For example, the produce manager might place the order, but the store manager might influence the purchasing. Or a restaurant manager might buy, but the chef may control the choice of suppliers. It is also helpful to develop "friends in low places" (Gallagher et al.). Never underestimate who can help you get the business. Some salespeople work at developing relationships with receptionists, delivery drivers, even janitors in a company to build a large circle of allies and maintain a diverse stream of knowledge pertaining to a customer.

Customer Information Form

Company _____

Address _____

City, State, ZIP _____

Phone _____ Fax _____

Important names	Position	Home phone number
_____	_____	_____
_____	_____	_____
_____	_____	_____

Call days: M T W T F S S Delivery days: M T W T F S S

Customer pick up: Yes _____ No _____

Delivery instructions: _____

Estimated produce sales volume (\$): _____ Restaurant seats: _____

Other major produce suppliers: _____

Credit information:

Bank: _____

Other suppliers: _____

Products used:	When needed:
_____	_____
_____	_____
_____	_____
_____	_____

Other information:

Home phone numbers are for emergency use. If an order was placed on Friday for delivery on Monday, but rain stopped harvest on Saturday, a call to the buyer's home to advise him or her is essential. Regularly scheduled "call days" will assist in grouping the accounts for more effective use of sales time whether by telephone or personal visits. Delivery days will assist in cost-effective routing of deliveries.

A restaurant's size and volume of business are starting points in planning the sales effort. In the case of a supermarket, total weekly store volume will do as long as one remembers that produce represents approximately 8.5 percent of that volume. A restaurant will strive for three separate seatings per table for lunch and two for dinner. The menu should be studied for produce items; fresh produce is used in every part of a menu.

In a fast-paced industry like fresh produce, it pays to know who your competitors are in each account. If you choose to get credit information on a prospect, the name of the bank and another supplier is all that is needed. It is suggested that the supplier be either a meat or seafood company, not a produce supplier. Meat and seafood companies have payment terms similar to those of a produce company, and the grower avoids running the risk of alerting his or her competition.

It is not unusual to feel uncomfortable making a cold call on a prospect, but a relaxed, friendly approach is contagious. People react to other people's verbal and nonverbal signals. Be friendly and act naturally. Use the buyer's name while talking to him or her—people react well to hearing their names, and repeating a name helps the speaker remember it.

The grower should take a cue from the buyer or manager in the matter of dress. While a suit is rarely necessary, muddy boots and dirty clothes may convey the wrong message. Some buyers associate a farmer's appearance with how the produce is treated. They assume that if a farmer cares about appearance, the farmer also cares about the produce.

Assume that the prospect is going to be busy, and keep the first meeting brief (Wolkenhaur). The objectives are to meet the buyer, to make an appointment to come back at a more

convenient time, and to learn all that you can about the operation.

The objective of the second call is to exchange information. Tell the customer about yourself, about the farm, the methods you use in growing crops, about the crops themselves, and about postharvest handling and packaging. From the customer, you need to ascertain volumes, order frequency, delivery routine, merchandising routines, or menu rotation. Try to determine if the buyer is motivated to purchase primarily on the lowest price quoted or is looking for value-added services and unusual products. Determine pack sizes, grades, and overall quality level.

Before the third call, the grower should have determined the viability of the account. There are many reasons a grower may decide not to further pursue a prospect. A buyer who relies too heavily on low prices, small volume, or slow payment may be eliminated as a potential account. On the third call, the farmer should be ready to talk specifics based on the information gathered in the first two calls. Bringing samples of produce for inspection on the third call is important. The more senses you can involve in the sales presentation process, the greater the odds of success.

Three calls are not always necessary. If at any time the buyer indicates that he or she would like to talk specifically about purchasing the produce, you should be prepared to talk specifics.

Selling Result in Actual Customers

With knowledge gleaned from the prospect about the nature of his or her business, priorities of the company, and current needs or chronic problem areas, the grower can tailor a product presentation to fit the customer's needs, abilities, and budget. This step involves presenting the features, advantages, and benefits of the produce, along with the grower's commitments to service and sales support, and emphasizing these areas in a way that most directly addresses the buyer's needs. You may see a pattern of needs among a similar group of customers, but that doesn't mean

you should repeat the same presentation to all customers in the same type of business. Needs might be similar, but the priority each buyer places on those needs will vary. Also, canned sales pitches are easily detected by buyers. A personalized sales presentation that focuses on buyer needs tells the buyer that his or her company matters to the grower.

Extensive preparation does not ensure immediate success, however. There are many reasons a buyer might hesitate to place a sales order. Some buyers are never asked for the order. Others are never given the chance to place an order because the salesperson talks too much. As it is important to listen to the prospect during the cold calls, it is just as important to listen to the buyer during the sales presentation. A grower needs to be attentive to questions and objections posed by the buyer. Objections are not a rejection; they are another form of a question. Unfortunately, many salespeople stop calling on a prospect upon hearing objections.

The following figures are for all sales representatives not only for the food industry (*Institutional Distribution*). Forty-eight percent of all sales representatives make a single call on a prospect, then stop. Twenty percent make two calls before taking “no” for an answer. Seven percent make three calls before giving up entirely. Five percent make four calls. Twenty percent make five calls or more; these representatives get 75 to 80 percent of the new business.

Asking for the order is normally called “closing.” If the answer is “no,” it is vital that you ask why. “No” might simply mean “not this week” or “not packed this way.” If you do not ask, you do not give yourself the chance to adjust the product or service or address the buyer’s concern and overcome the objection.

In approaching independent supermarkets and food service establishments, the local grower should recognize that a long-term relationship with a grower/shipper or wholesale supplier already exists. The retailer may be reluctant to jeopardize this relationship by reducing the amount of produce purchased from this regular supplier. Depending upon the situation, you might (1) show how your local produce is fresher and of higher quality,

which will enhance the retailer’s ability to attract additional customers or serve existing ones better; (2) suggest the retailer feature local produce in addition to the regular supply and judge which consumers prefer; (3) point out the competitive advantages of a second supplier; or (4) suggest that the retailer forego shipments of produce from the regular wholesaler during the local season. You may find it necessary to offer the first delivery of produce on a guaranteed sales basis to overcome a particular buyer’s quality concerns.

Prospecting, meeting the buyer, convincing the buyer to purchase, and receiving the order for delivery are all part of the sales process. But the sale is not complete until the produce is delivered and the buyer is satisfied. Delivering produce in poor condition can wipe out your previous investment of time and make subsequent efforts to sell to the buyer more difficult.

The farmer must make sure that the buyer is satisfied with the produce and service. The importance of customer satisfaction is emphasized by the following study (Estes):

- Officials of the average business never hear from 96 percent of their unhappy customers. For each complaint received, the study indicates that there are 26 other customers with problems, 6 of which are considered serious.
- Dissatisfied customers who do not complain are less likely to do business again with the company than those who register complaints.
- The average customer with a complaint tells 9 or 10 people about it. Thirteen percent of dissatisfied customers tell more than 20 people.
- Between 54 percent and 70 percent of complaining customers will do business again with the offending company if their complaints are resolved. If the company makes amends swiftly, the percentage increases to 95 percent.
- Customers whose complaints are resolved tell an average of five people.

Farmers need to seek out their buyers’ opinions. If these comments are not favorable, changes must be made to ensure that the

customer is happy. Building a territory becomes easier when the grower has accumulated a number of satisfied customers as this base of customers becomes a primary source of referrals for new customers.

Supporting Guarantees Loyal Customers

The difference between selling produce and creating a loyal customer lies in the amount and type of support the local grower provides. Support can be as simple as a telephone call to check on a customer's satisfaction on a shipment of a new produce item or as time consuming as helping the produce manager build a produce display. The prevailing thought in today's food industry is that suppliers have a vested interest with their retailers until the products are sold to the consumers. Each customer is unique, and one service will rarely work for all. Ask what type of support is needed.

Many independent food stores like point-of-purchase (POP) materials provided by farmers (Hanson and Rada). An example of a POP material is a card that provides a description of the item and the producer's farm, county, or state. On the card, the produce manager can write the price. The card is informational, and it also helps the store garner positive public relations for its support of local business. Another POP suggestion is a recipe card for preparing the produce. In general, stores like POP material not only for its promotional value but because it personalizes the produce transaction.

Some sales professionals advocate a reward system. Rewards can be simple or extravagant, from tickets to a sporting event to a free vacation. The reward can also contain an element of surprise. A grower might give the buyer a free box of tomatoes when the order is over 50 boxes. For an ongoing program of reward and sales support, a grower could set aside a fixed amount of money from each order from a buyer and when the amount reaches a certain level, offer to help pay for advertising, signs, or menu printing.

Payoffs and kickbacks are illegal, so care and documentation are of the utmost impor-

tance. If a grower offers to set up a promotional program in this manner, the money must be used to promote or merchandise the product. An invoice and proof of performance (such as advertisement copy, pictures, and computer printouts) must be supplied by the customer before the grower pays. When it is well planned, a promotional program gives the grower some control over the reward idea, satisfies the accepted idiom of vested interest, and reinforces the feeling that the grower is interested in the customer's business success.

All of these activities raise the value of the produce because the grower is performing the functions of subsequent marketers. Remember, however, that these activities also add to your cost of doing business; it may be appropriate to ask more for the produce rather than taking general market pricing.

Final Comments

Professional sales people build their territories in continuous cycles. This fact sheet has shown how farmers can build their customer base. The farmer should next consider penetrating this customer base to increase profitability. Penetration means selling the customer more items in volume, variety, or both. Finally, the farmer should devise a system to identify and trim unprofitable customers. Various criteria used to trim customers are small order size, low prices, or slow payments. After penetrating and trimming the original customer base, the farmer can once again turn to building and expanding the base. Effective sales techniques combined with properly packed and graded quality produce can generate an effective wholesaling program for the local farmer.

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