

Tips for Selling to: Aggregators/Grower Marketing Co-ops

NCAT Marketing Tip Sheet Series

Aggregators are agricultural businesses or cooperatives of growers that consolidate and distribute agricultural products. They typically support regional growers of diverse sizes and experience and sell products to local or regional markets. The consolidation of multiple farms' products can help supply fresh product for distributors and other wholesale customers and is not limited by grower size.

Advantages

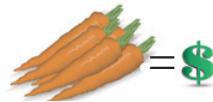
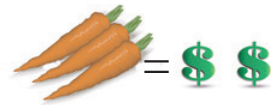
- In contrast with other wholesale markets, you can sell large or small quantities of product through this marketing channel.
- Your products may still retain your farm identity and may be marketed locally or regionally.
- Aggregators will often work with growers to provide on-farm technical support, harvest and pre-production planning to meet market projections.
- Aggregators often serve as the marketer and distributor, which allows the grower to focus more time on farming and may reduce the marketing and distribution costs of the individual grower.
- Aggregators and marketing co-ops can help buy packaging materials, labels, and marketing materials through group purchasing, which can reduce the individual grower's materials costs.

Considerations

- You can sell a larger quantity, but expect a lower price per unit.
- Growers are required to adhere to packing grades and standards.
- Growers may be required to adhere to Good Agricultural Practices and complete a food safety plan.
- If the aggregator is a co-op, growers will likely be required to attend meetings and participate in some capacity.
- There are often annual fees associated with a grower co-op.

For this market you can expect:

- *Higher volume*
- *Lower prices*



Transferring produce from the cooler for delivery to local schools, Davis, Calif. www.caff.org



Tips for Selling to Aggregators/Grower Marketing Co-ops

- Aggregation on a local level is a fairly new concept. Look for grower recruitment meetings, or ask around to find out if one is located near you. ★ key point
- BEFORE you begin production, call the aggregators to find out what products they are looking for.
- ★ If you are starting a cooperative aggregation group, be sure you understand how the legal business structure of a cooperative works. Contact the USDA Rural Business Cooperative Service — www.rurdev.usda.gov/rbs — to help guide you through the process and possibly access federal funding.

Key Questions to Ask Yourself

- How will my membership with the aggregator or growers co-op align with my personal and business goals?
- What are the potential financial returns for participating in these kinds of markets versus other available markets?
- Has this aggregator or co-op been successful or in business for more than a short period of time? Do they have a good reputation?
- If it's a co-op, what kind of time commitment is required? Am I willing to work with a group to help market our collective produce?

Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 350+ publications and databases. Phone 800-346-9140. www.attra.ncat.org
— *Illustrated Guide to Growing Safe Produce on Your Farm: GAPs* (2011) (English or Spanish)
— *Post-Harvest Handling for Fruits and Vegetables* (2000) — *New Markets for Your Crops* (2008) (English or Spanish)
— *ATTRA website's resources about Cooperative Development:* <https://attra.ncat.org/marketing.html#cooperatives>
- **Collaborative Marketing: A Roadmap and Resource Guide for Farmers** explains how to form a marketing coop, with many case examples of farmer marketing co-ops throughout the Midwest. 2008. King and DiGiacomo. University of Minnesota. www.extension.umn.edu/distribution/businessmanagement/DF7539.html
- **Scaling Up: Meeting the Demand For Local Food** compares 11 aggregator models from across the country. To obtain a copy, call toll-free 1-877-947-7827 or visit University of Wisconsin extension, www.learningstore.uwex.edu
- **USDA Rural Development, Business and Cooperative Programs** offer many publications about cooperatives as well as the bi-monthly *Rural Cooperatives* magazine. www.rurdev.usda.gov/rbs/pub/NEWPUB.htm
- **The Packer** is a weekly newspaper covering fruit and vegetable news, produce shipping, distribution, packing, marketing, and trends in fresh produce in North America. www.thepacker.com
- **Wholesale Success: A Farmers Guide to Selling, Post Harvest Handling, and Packing Produce** is a 255-page manual about the wholesale produce industry, with details on building relationships, food safety, grading standards, filling orders, recordkeeping, and billing. The manual includes harvesting, cooling, storing, and packing information for 103 different fruits and vegetables. Order online or call 708-763-9920. www.familyfarmed.org/wholesale-success
- **U.S. Agricultural Marketing Service (AMS) Fresh Fruit, Vegetable, Nut, and Specialty Crop Grade Standards** lists the quality standards for fruits, vegetables, and nuts sold as commodities. <http://tinyurl.com/ams-grade-standards>

This tip sheet was developed with assistance from Bob Corshen, Community Alliance with Family Farmers, and Karl Sutton, Mission Mountain Food Enterprise Center.

The development of this material was supported through USDA/NIFA/OASDFR
www.outreach.usda.gov/oasdrf



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Find this on the Internet at www.attra.ncat.org/marketing.html
IP434, Slot 434, Version 052912