

Tips for Selling to: Wholesale Buyers at Terminal Markets

NCAT Marketing Tip Sheet Series

Wholesale buyers are typically located in permanent stalls at a terminal market. Terminal markets are central sites, often in a metropolitan area, that serve as an assembly and trading place for agricultural commodities. Wholesale buyers will purchase products from farmers, brokers, distributors, or packing houses in large quantities, and resell it to brokers, distributors, or businesses in larger or smaller quantities.

Wholesale buyers and farmers will usually negotiate a price when the farmer is dropping off the products. Prices are usually lower than a farmer could receive through direct markets.

Advantages

★ key point

- Buyers can handle large deliveries of produce.
- Once a price is determined through negotiations, you (the farmer) are guaranteed that price upon payment.

Considerations

- You can sell a larger quantity, but expect a lower price per unit.
- ★ Wholesale buyers typically buy from brokers, not farmers. You will have to work to establish a relationship with the buyer if you want to sell directly to them, and not compete with them on the open market. See first Tip, next page.
- Farmers can set the price, but the buyer must agree to it. Farmers must have a good idea of what the going prices are in the wholesale market. See fifth Tip, next page.
- Farmers must meet packing and grading standards.
- Established wholesale buyers could pay as quickly as within 15 days. Medium or smaller wholesale buyers could pay within 30 days. Farmers can decide whether to tolerate buyers paying up to 45 days after delivery. If a buyer is much later than that, reconsider selling to them in the future.
- ★ Consider how you will keep your product cool during transport to terminal markets that are more than an hour away.
- Selling to a wholesale buyer requires a well organized invoicing and recordkeeping system.

Key Questions to Ask Yourself

- How far away is the nearest terminal market?
- Do I want to put the effort into establishing relationships with the buyers?
Would I rather go through a broker?
- How do the buyers at terminal markets want produce packed and delivered?
- How much volume is needed to supply wholesale buyers?
- ★ Do my profits cover the cost of production, gasoline, and labor?

For this market you can expect:

- Higher volume
- Lower prices

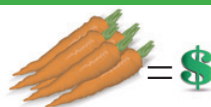


Photo: Loading docks at a terminal market, www.oaklandnorth.net



Tips for Selling to Wholesale Buyers at Terminal Markets

- ★ Visit a terminal market to get an idea of how it works and learn about the competition. To talk to a wholesale buyer and show them your produce, visit after 6 or 7 a.m. To see the market operating at busy times, visit around 3 or 4 a.m. ★ key points
- Terminal markets are typically open from 11 p.m. to 12 noon. To sell a product, farmers must deliver to the terminal market late at night or very early in the morning. Most deliveries take place between 11 p.m. and 4 a.m. Buyers begin arriving at 5 a.m. to purchase products.
- ★ Identify and contact wholesale buyers before you try to sell to them. Farmers can get higher prices through established relationships, for higher quality products, and for unique or specialty products in high demand.
- If this will be a regular market channel, plan to bring them product on a regular basis. Consistency and quality are keys to success in this market.
- ★ Check the USDA Terminal Market Reports (available online at <http://tinyurl.com/3znaeuf>) for prices on your product before you try to negotiate with a wholesale buyer.
- ★ Ensure high quality by using good pre-cooling and post-harvest practices.
- Consider offering a price discount for buyers who pay on time or earlier. For example, some farmers offer 2 percent off if paid within 15 days, 1 percent within 30 days, etc.
- ★ Don't use this channel if you have less than 50 to 100 boxes of each item. Wholesale buyers only purchase large quantities.

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 & Spanish)
 - *Post-Harvest Handling for Fruits and Vegetables* (2000)
 - *New Markets for Your Crops* (2008) (English & Spanish)
 - ATTRA website's Marketing, Business and Risk Management section: www.attra.ncat.org/marketing.html
- **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 for the produce wholesale industry. It covers food safety, post-harvest handling, packing and grading standards, fulfilling orders, record keeping, billing, and building relationships. The manual includes harvesting, cooling, storing, and packing information for 103 different fruits and vegetables. Phone 708-763-9920. www.familyfarmed.org/wholesale-success
- **AMS Fresh Fruit, Vegetable, Nut, and Specialty Crop Grade Standards** lists the U.S. Agricultural Marketing Service grade (quality) standards for each fruit, vegetable and nut sold as commodities. <http://tinyurl.com/ams-grade-standards>
- **Food Safety and Liability Insurance for Small-Scale and Limited Resource Farmers** gives a brief overview of food safety and liability insurance. (English & Spanish) www.foodsecurity.org/insurance.htm
- **USDA Terminal Market Report** lists current wholesale prices online at <http://tinyurl.com/3znaeuf>
- **Rodale Institute Organic Price Report** can be configured to show organic only or to compare organic and conventional wholesale prices at the current market rates. Prices of fruit, vegetables and grains are listed for six different wholesale terminals across the U.S. www.rodaleinstitute.org/Organic-Price-Report
- **UC Davis Small Farm Program Wholesale Market Resources** explain wholesale buyers and terminal markets: <http://sfp.ucdavis.edu/pubs/sfnews/Archive/93052.htm> and <http://sfp.ucdavis.edu/pubs/sfnews/archive/92091.htm>

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