



Farmer's Guide to Organic Wholesale Pricing

*Pricing for grocery,
food hubs, distributors,
and institutional buyers*

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Introduction

This guide was created in response to the question, "How much will I be able to charge for my organic crops in wholesale markets?"

There is no simple answer to this question because pricing is not static. It fluctuates based on many factors including regionality, time of year, volume of product, and perceived value. Therefore, rather than deliver a single answer to this question, this guide aims to:

- Give you a basic understanding of four different pricing strategies
- Delivers tools to approximate what prices you may reasonably expect in the marketplace for your organic crops
- Explain how prices are determined in different wholesale relationships
- Present best practices for communicating prices to buyers

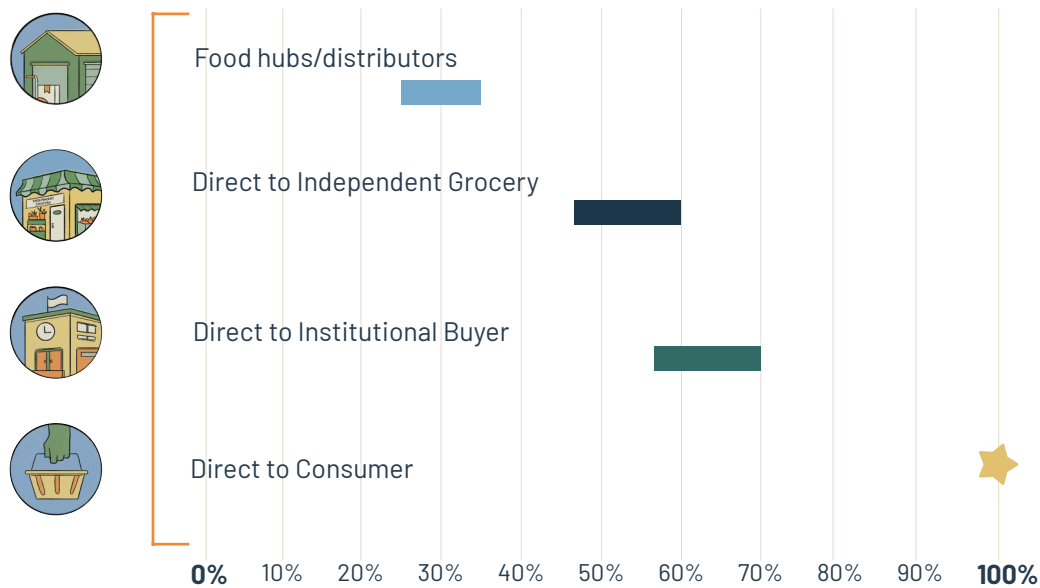
Who this guide is for

This guide is primarily written for certified organic and/or transitioning produce farmers who are pricing produce crops for wholesale sales. The information and methods can be adapted to other agricultural products (ex. dairy, meat, and value added products) and sales channels. The wholesale channels specifically featured include:

- **Institutional** - restaurants, schools, prisons, and other institutions that either purchase directly from farms or through smaller food hubs and distributors.
- **Independent Grocery** - individually owned or small chain grocery stores that work directly with farmers and/or with smaller food hubs and distributors.
- **Food Hubs & Distributors** - these are organizations that work as a middleman connecting a farmer to wholesale buyers and, in some cases, individual consumers.

Price to Farmer in Wholesale Channels*

% of Price That Goes to Farmer



*General ranges of pricing collected through interviews with wholesale buyers

Resources and Strategies for Setting Prices

There are at least fifteen strategies commonly presented when business experts discuss setting prices. For this guide we decided to focus on four that are relevant to pricing organic produce. These are strategies that are best used together, not strategies that you have to choose between. Using them together allows you to:

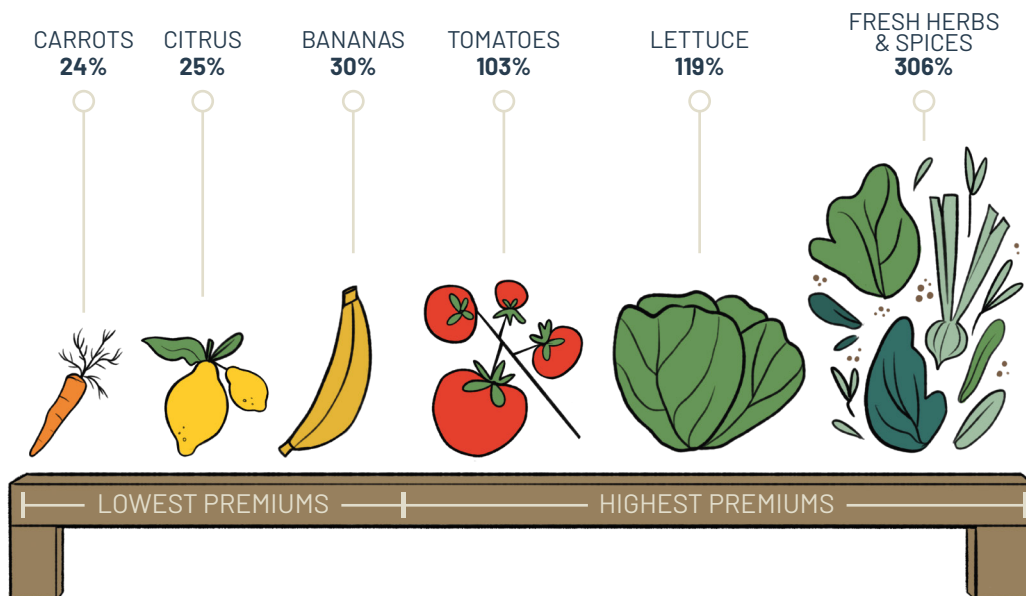
- Benefit from the organic price premium.
- Set a price that allows for your farm to be profitable.
- Compete with alternatives in the market (through pricing and/or the marketing needed to educate your customer about your pricing).
- Stay flexible to seasonal fluctuations in supply and demand.
- Highlight the ways your organic produce aligns with what your customers value (especially when you sell a specialty crop or crop varietal).

Organic Price Premiums

There are many benefits of organic farming, including enhancing soil health and water quality, but certification takes time and costs money so it makes sense that you might be concerned with how making the switch can impact your pricing and, therefore, income.

Organic produce generally and over time sells at higher price points when compared to conventional produce. The price difference between organic and conventional varieties of the same product is referred to as the organic price premium and is typically represented as a percentage.

Organic Price Premiums - 2023*



*Data from Organic Produce Network's State of Organic Produce 2023.

If you know the organic price premium of your crop you can apply it to conventional pricing to get a rough idea of how much you could sell your crop for if it was certified organic.

For example, say you wholesale organic lettuce for \$2.35/pound. In 2023 with an organic price premium of 119% you could expect to have sold organic lettuce for \$5.15/lb.

Calculating pricing based on premiums

First, you convert the price premium percentage to a number by dividing by 100:

$$\frac{119}{100} = 1.19$$

Then you multiply your conventional price by that number:

$$\begin{array}{r} \$2.35 \\ \times \$1.19 \\ \hline \$2.80 \end{array}$$

The organic price based on a 119% premium is \$5.15/lb.

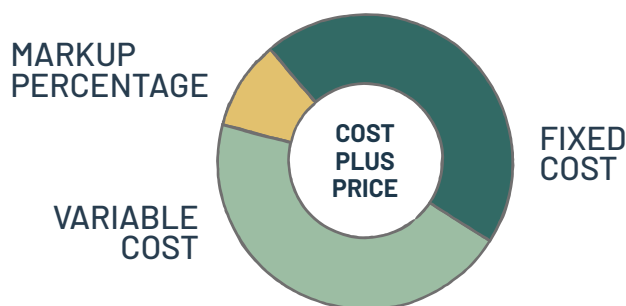
Then you add the result to your conventional price:

$$\begin{array}{r} \$2.35 \\ + \$2.80 \\ \hline \$5.15 \end{array}$$

Pricing Strategy #1: Cost Plus Pricing

What it is

Cost Plus Pricing sets prices above your actual costs of production by a specific percentage (aka a markup) to ensure a profit margin. When calculating the **cost plus price** of your organic produce you want to factor in the cost of certification and the ways that organic production will impact your costs of production.



Benefits

The overwhelming benefit of this strategy is that it is based on keeping your specific business in business. Knowing your **cost plus pricing** gives you a minimum price for profitability and helps you spot when a price being offered is NOT profitable. If pricing in wholesale drops below your **cost plus pricing** and you have other ways to sell your produce (e.g. farmers market), you might choose to focus sales there instead.

How To

- Determine the total cost of producing your crop. Consider both fixed costs (they don't change based on how much of a crop is grown, e.g. salaried employees, property tax, monthly truck and tractor payments, annual CPA fee for taxes, etc.) and variable costs (they change based on how much of a crop is grown, e.g. hourly labor costs, seed costs, fertilizer, fuel, etc.).
- If pulling together these costs isn't possible, develop an accounting system to track your expenses and revisit this pricing exercise once you have the needed data.
- If you don't know enough about your variable costs (e.g. how much seed, fuel, or labor hours are used per acre), develop logs and forms that will collect this information and revisit the pricing exercise once you have the needed data.

- Add together your fixed costs and your variable costs to determine your total cost of production for your crop at a given production volume.
- Divide the total cost of production by the units (in bunches, pounds, tons, etc.) that you will harvest to calculate your unit cost of production.
- Decide on a markup percentage to add to your cost of production. Across your farm business, the markup percentage will be what covers all costs that are not directly linked to production (e.g. marketing, transportation, and costs of organic certification) and provides for owner's pay and other business goals.
- Determine your sales price by adding a markup percentage to your unit cost. To add a 20% markup you would determine what number \$1.00 (your costs) is 80% of through the math below. A markup is based on the final price. A 20% markup on \$1.00 is \$0.25 not \$0.20 because \$0.25 is 20% of the final price \$1.25.

$$\$1.00 \div (80/100) = \$1.25$$

Challenges

To determine your **cost plus pricing** you have to understand your costs which often means having clear cost accounting and records on labor hours and harvest yields. There may be some setup you have to go through first to collect this data before you can use it to determine your **cost plus pricing**.

This strategy is also often difficult for farmers who grow a large variety of crops as apportioning costs to specific crops can get confusing. Working with an accountant, bookkeeper, and/or financial consultant may be required.

TIP: If you don't know what harvest volumes you can expect check out free resources, such as the [Roxbury Farm Crop Harvest Manual](#)¹. California FarmLink offers a 10-week small farm **business accelerator program**² that covers pricing and other topics. New to tracking expenses? [The Farmers' Office](#)³ offers online courses on using Quickbooks and understanding your costs of production and [California FarmLink](#)⁴ and the [Center for Land Based Learning](#)⁵ both offer video courses designed for farmers or ranchers getting comfortable with the basics of Quickbooks.

Pricing Strategy #2: Competitive Pricing

What it is

Competitive pricing uses other people's prices to set your own. After looking at what other people charge you typically set prices in line with or slightly below competitors.

Comparing organic wholesale prices for your crop in your sales area can illuminate the specific organic price premium you will encounter once certified.

¹ <https://www.roxburyfarm.com/more-information-for-farmers>

² <https://www.californiafarmlink.org/courses/the-resiliator>

³ <https://thefarmersoffice.com/>

⁴ <https://www.californiafarmlink.org/resource-library/video-series-farmers-using-quickbooks-sign-up>

⁵ <https://www.youtube.com/watch?v=4zollZ4FXA8&list=PLipS9UPaDvdY6lJuj9-mwBNQWM6rY8Rxp>

Benefits

Running a competitor price comparison gives you knowledge of your market and of the alternatives your consumer is considering when they purchase your produce. Setting your prices in line with competitors means your prices remain competitive which attracts (or at least does not repel) price conscious consumers.

TIP: Two Types of Competitors

Put simply, competitors are other farms or companies that your consumer might purchase from instead of you. A **direct competitor** sells the same product as you do. A **substitute product competitor** sells a product that your consumer may opt to buy instead.

How To

To set prices based on this approach you'll run a competitor price comparison.

- Using the template in **Appendix A**,⁶ gather at least ten certified organic competitor price points for your crop. You can do this by visiting wholesale outlets and collecting prices, by speaking with stores and distributors to get information on their purchase pricing*, and/or by collecting USDA market data.
- Make sure to break down each price by a consistent unit of measurement such as pounds, ounces, eaches, or bunches. This allows you to compare prices accurately.
- Calculate the average price across competitors.
- Also look at the range of prices. What can you learn from the distribution of prices? Is there a big difference in prices or are prices very close to each other? What is the lowest price and what is the highest?
- Answer the questions in the reflection section of Appendix A to pull out information you can use in your packaging, marketing and sales materials.

****Important note:** remember that when comparing wholesale prices, you are interested in the price that the grocery buyer paid for the produce, not the price they are now selling the produce for to end consumers. You can use the on-shelf sale price to estimate the price you might expect in a direct sale to a grocery buyer (see page 10) or, even better, speak directly to buyers to get the most accurate understanding of their pricing to farms.*

Challenges

A major drawback of this approach is that it only considers what other people are charging and not what it costs you to grow your produce. Using only this strategy can lead you to set prices below your cost of production, making it impossible to reach profitability. That's why we recommend combining this approach with cost plus pricing (see page 8).

Using USDA Market Data

One way to gather price points is by using data collected by the USDA Agricultural Marketing Service. On My Market News you can find price data on over 400 fresh fruits, vegetables, nuts, ornamentals, and specialty crops. Depending on the crop you grow, the data might be limited, but it's worth a look. If data does exist you can learn a lot from seeing how prices have changed over the past three to five years. In the wholesale market it's good to think long term in three - or five - year average prices since prices fluctuate seasonally and due to supply and demand.

⁶ <https://caff.org/44724-2/>

- Access the **My Market News**⁷ portal and Search the Market News Database (green button partly down the webpage)
- Search by Market Types to narrow your search to price data (green header button near the top of page).
 - See TIP below for clarity on these different market types.
- Fill out the search fields in order from first to last so you don't lose your entries.
- Lines of data on the same report are often presented in various pack sizes so do some math to compare across data points.
- If you're confused on how to read your report there are some helpful tips **here**⁸ or reach out to USDA staff in your state **here**⁹

TIP: Select the Market Type that delivers the price points you are looking for.

Movement - shows volume of product being traded, but not pricing data.

Retail - shows advertised prices at major retail supermarkets (aka the price to the end consumer).

Shipping Point - price data from individual growers and distributors collected in major growing regions.

Terminal Market - price data collected where the product is sold from a wholesaler to a retailer, processor, or other large buyer. This most closely aligns with the price point paid to a farmer or distributor selling directly to independent grocery. We recommend using this data and, if you plan to sell through a distributor, taking off their markup and fees to understand pricing to the farmer. See an example of how a distributor price breaks down on page 15.

What if your conventional wholesale price is already higher than the reported organic pricing from the USDA AMS?

There are lots of factors that go into your pricing. Often small farms, for example, sell regionally and benefit from the higher prices consumers are willing to pay for local produce. One way you can still use the USDA data in this case is to compare organic and non-organic prices over a given period of time to determine an organic premium and to apply that premium to your current conventional prices. You can also use the data to see trends in pricing over time.

How can we get more accurate data for small farms?

The data reflects the population of people who participate in the collection of the data. If you see the benefit of this data and want it to be more relevant to your farm, start providing data anonymously to the USDA by **getting in touch with staff in your state**.¹⁰

Cost Plus + Competitor Pricing = A Combination Approach

Cost plus pricing gives you a grasp on what it costs you to grow your crop. Using this strategy to set your prices will ensure profitability. But without considering competitor pricing, you may end up with pricing that is too high for your customer or so low it undercuts

⁷ <https://mymarketnews.ams.usda.gov/>

⁸ <https://www.marketnews.usda.gov/mnp/fv-help-01>

⁹ <https://mymarketnews.ams.usda.gov/contactus>

¹⁰ <https://mymarketnews.ams.usda.gov/contactus>

other small farmers like yourself. This is why we recommend using both cost plus pricing and competitive pricing when determining a wholesale price for your organic crops.

Once you've determined your cost plus pricing and run a competitor price comparison, look at how they compare to each other.

Scenario 1: My cost plus price fits right in with the prices I collected in my competitor price comparison.

» *Great! You are right on track to set your pricing in line with your cost-plus price.*

Scenario 2: My cost plus price is lower than the prices I collected in my competitor price comparison.

» *You may want to run your cost plus pricing again and make sure you didn't leave out or miscalculate any of your expenses. If not, you can set your price at the competitor price so as not to undercut other farms and offer healthy discounts at the peak of the season and for bulk orders.*

Scenario 3: My cost plus price is higher than the prices I collected in my competitor price comparison.

» *If you find yourself in this scenario there are two further steps to take. First, this could be a clue to you that you are missing out on some possible efficiencies when growing your product. Look at the expenses that are contributing to your growing costs. Are there ways you can bring down your cost of production without sacrificing on quality of the produce and quality of life for your labor? If so, your cost plus price might lower and then fall in range with your competitors.*

» *If you still end up with higher prices you will need to develop a strategy to support that pricing. A good place to start is by asking yourself why your price is higher and making sure that you clearly communicate this attribute to your customers. For example, maybe it's because you use more expensive sustainable packaging, like compostable pint baskets. Well, then include a photo of your packaged product on your price list and detail this packaging type in the items name.*

Pricing Strategy #3: Value Based Pricing

What it is

Value Based Pricing sets prices based on perceived value by customers. Because perceived value is subjective, you'll need to understand the mindset of your customer to implement this strategy.

In general there are two ways that value increases. If quality between two items is equal, then value increases as the price goes down. A customer might think, "Wow! This is a great value", when one bunch of organic cilantro is \$1.00 cheaper than another of the same quality.

The other way that value increases is if the customer believes the product is of better quality. By quality we mean here not just freshness and size, but also things such as ease of use, interesting flavor, and alignment of personal values. For example, a certain subset of customers is willing to pay more for organic produce because it aligns with their values around health and ecology. Stores know that having organic options will attract these customers, so they are then willing to pay the farmer a premium wholesale price.

Benefits

This approach captures the value your produce brings to customers. It is based on the customer's point of view which can lead to brand loyalty. It also often results in being able to command higher price points.

How To

- Looking back at your competitor price comparison, what differentiates your produce from competitors?
- Why would this difference be important to your end customer and/or your wholesale buyer (ex. institutional buyer, independent grocery store, or distributor)?
- How can you clearly communicate this difference through your product packaging?
- How can you clearly communicate this difference through your price list for wholesale buyers?
- How can you clearly communicate this difference in other marketing material?
- Once certified, make sure that you use the organic seal on your packaging, price lists, and marketing materials.
- See Appendix B for a price sheet that supports **value based pricing**.

Challenges

Value Based Pricing is more applicable to specialty crops than commodity crops. It's hard to differentiate one organic Russet potato from its organic competitors. In these cases, make sure to deliver on consistency and quality to secure the highest price possible from wholesale accounts. **Value Based Pricing** is also a less exact method since it is based on a subjective understanding of a customer's subjective valuation.

Pricing Strategy #4: Dynamic Pricing

What it is

Dynamic Pricing is the practice of raising and lowering prices in response to changes in supply, such as lowering prices when you have a bumper harvest or raising prices if you have an early harvest. **Dynamic pricing** recognizes that the market is constantly changing and that prices can reflect this fluidity.

Some reasons you may **charge a higher price point** throughout the year:

- Early season harvest (you are one of the first producers in your area/market to have the crop).
- Late season harvest (you are one of the last producers in your area/market to still have the crop).
- Limited supply from other growers.

Some reasons you may **charge a lower price point** throughout the year:

- Peak harvest season with lots of competition from other growers.
- Bulk pricing to encourage larger volume orders.
- When you have a larger than expected harvest of a highly perishable crop that you need to move quickly.

Benefits

This approach allows you to stay competitive in a changing market and allows you to pursue temporary goals, such as increasing order volumes to drive revenue and reduce delivery costs.

How To

- Determine your cost-plus pricing and run a competitor price comparison at the beginning, middle, and end of your crop's harvest season to give yourself a sense of how your costs and marketplace pricing change in early season, height of season, and late season.
- Consider the nuance to supply and demand when you are certified organic. Just because there are conventional tomatoes out to market earlier than yours, you still may have an advantage when you are one of the first in your area to have organic tomatoes available. Some wholesalers are specifically (or even solely) interested in purchasing organic produce.
- Stay on top of market trends that could impact pricing by keeping in regular contact with your buyers and reading market reports such as the **Produce Alliance's Weekly Market Review**¹¹.

Challenges

Dynamic pricing relies on an ongoing understanding of market trends and a firm grasp on your current and upcoming harvest yields. You often have to make a quick decision to price a crop with **dynamic pricing** or the opportunity will pass you by. Making that decision can be challenging amongst all the other things going on at the farm.

As you can see from the examples above, some pricing strategies are based on hard data while others rely on experience in the marketplace and knowledge of customer trends. What we call "the market" is influenced by many seemingly invisible factors including individual choices, government policy, global weather patterns, and customer perceptions. This is why experienced wholesale buyers can be an extremely helpful resource when trying to determine how produce pricing will change with organic certification. Next we'll look at how pricing is determined in three farmer - buyer wholesale relationships with some tips on how to maximize your organic pricing in each channel.

TIP: Are you a producer transitioning to organic?

It is not common for crops produced by farmers in the 36 month "transitioning to organic" period to receive price premiums in wholesale channels. To ease the resulting financial hardship, you may want to complete a Transitional Production Plan and have it reviewed by a certifier like CCOF, OTCO, and Ecocert/NICS. By completing this plan, you may become eligible for **transitional crop insurance**¹² from the USDA Risk Management Agency (RMA) and for the **organic incentives**¹³ offered by the Natural Resource Conservation Services' Environmental Quality Incentives Program (EQUIP).

¹¹. <https://www.producealliance.com/market-report>

¹². <https://www.rma.usda.gov/about-crop-insurance/highlighted-initiatives-plans/organic-crops>

¹³. <https://www.nrcs.usda.gov/programs-initiatives/eqip-organic-initiative>

Understanding Price Setting Per Channel

Since pricing is somewhat based on perceived value, let's look at three wholesale sales channels and see who your customer is (who you will be directly selling to), how prices get set, and what buyers value.

TIP: Turn to the expertise of buyers.

The most accurate pricing data can come from your dream accounts. Don't be afraid to contact buyers in the channels detailed below to ask them what they are currently paying for an organic alternative. Through conversation you can also learn more about what they are looking for (ex. pack sizes, delivery schedule, etc.). You don't have to fulfill every request, but this gives you good information to use when making decisions.



Schools, hospitals, prisons, and other institutions that purchase food for their cafeteria operations. The cafeterias may be preparing food from raw ingredients or may be assembling ready-to-eat products to deliver packaged meals. Some institutions prioritize organic and/or local purchases.

Your customer

When selling to institutions you will be interacting with a Food Service Director or similar position.

How prices are set

Institutional buyers are working under a budget set by the institution they work for. Some are additionally working to achieve a sourcing initiative set by the institution, say to purchase mainly organic or a majority from local farms. Often they have a cost per meal that they are working to achieve. They generally will pay higher prices than grocery stores.

Process of setting prices

There are two ways that prices are determined with institutional buyers. Let's look at school systems as an example. You can reach out to a Food Service Director to introduce yourself. Send them a price list (see Appendix B) and go through negotiations on individual orders. This type of arrangement typically results in purchases of less than \$50,000 - a federal threshold that allows for less restrictive micro purchases. Alternatively, you can reply to a Request for Proposals put out by the school or school district. Submit a price list

with your proposal. If they accept your proposal, generally you will sign a contract that locks in this specific pricing over a period of time.

Buyer considerations

Institutional buyers value produce that fits their operations. Processed produce (ex. sliced carrots instead of whole) or produce that takes no to minimal prep (ex. apples and oranges) could be a great fit for institutions that don't have full kitchens.

They are also looking for vendors that can meet their delivery needs. For example, if a school district has fifteen schools and no central warehouse, they may need you to make fifteen deliveries a week. If this is beyond your capacity, consider working with a food hub that could make the deliveries for you.

TIP: Some institutions prioritize organic purchases. Approach schools who are enrolled in the [Good Food Purchasing Program](#)¹⁴ or involved with the [Friends of the Earth Climate Friendly School Food Program](#).¹⁵ Some have funding specifically for local foods so make sure that your introduction email, email signature, and price list include where your farm is located.



Individually owned or small chain grocery stores that work directly with farmers and/or with smaller food hubs and distributors. Some independent grocery stores purchase mainly (or even solely) from organic producers.

Your customer

In independent grocery your customer is a produce buyer. In a mid-size store this produce buyer will often be a different person than the person(s) who purchases categories like dairy, fish, shelf-stable, etc. They are aware of and concerned with the perceived value of your product to the end consumer.

How prices are set

Generally, produce buyers in independent grocery work on a 38 - 45% margin. Some grocery stores have this as a fixed margin across all produce, others work to achieve this as a mixed margin. Mixed margins give the buyer some discretion to take a lower margin on some produce and balance that with higher margins on other produce.

¹⁴. <https://goodfoodpurchasing.org/about-the-center/#local-partners>

¹⁵. <https://foe.org/projects/school-food-purchasing/>



price on shelf
\$10/lb



price paid by buyer
\$6/lb

$$(\$10.00 - \$6.00) \div \$10.00 = 40\% \text{ margin}$$

Process of setting prices

Orders are generally placed two to three times a week based on a weekly price list created by the farmer. It is normal for some light negotiation to take place on prices.

Buyer considerations

Grocery buyers are looking for reliable vendors who consistently deliver fresh, quality produce. They are also looking to minimize the labor involved in putting the produce out for display - fresh produce will last longer on the shelf and quality produce will avoid additional sorting or recutting. Beyond their own operational desires, they are thinking about what their customer values. Ultimately, they are trying to make that final sale. Their customer, for example, may care about organic certification, compostable clamshell packaging, or "soft-attributes" such as no-till, women-owned, BIPOC-owned, etc.



Food hubs and distributors work as an intermediary between a farmer and a customer. They purchase your produce and sell it, for example, to an independent grocery store, an institutional buyer, and sometimes even an individual customer. The benefit of this for growers is that the distributor takes on the cost of distributing and possibly sales, so the farmer can sell to many buyers and access markets outside their immediate region without incurring associated delivery costs. Some distributors are known to specialize in organic produce while others are looking to expand their organic options to appeal to a certain type of retailer.

Your customer

This relationship is a bit more like a partnership because you will work together with the food hub or distributor to make and deliver a final sale. Your direct contact will be someone who works for the distributor, often an account manager or sales manager.

How prices are set

There are generally two models for these relationships: traditional and the clearinghouse model. In the traditional model prices are set by market conditions. The distributors are studying trends and using their gut to make decisions about sales prices and then working backwards from that sales price when determining the price they are willing to pay a farmer. Some distributors will call the cut of the final sale they take a commission while others will think of it as a markup on the price they pay the farmer plus the cost of getting the produce to their warehouse. Some charge cooling or storage fees, others don't.

As pricing changes in the marketplace, the price the farmer receives will rise and fall.

In the clearing house model used by some food hubs, the farmer sets their available quantities and prices on a weekly basis. The food hub then adds a markup to cover their costs of distributing the produce. Buyers make their purchases at this combined price which might be different for the same produce supplied by different farms. This often results in lower volumes and higher prices than the traditional model. The end buyer in this scenario is typically an individual consumer or high-end restaurant and not independent grocery.

Wholesale Sales Price	\$18/Lb	\$18/Lb
- Commission %	- 15% Commission	- \$2.70/Lb
- Charges/Fees	- \$1.00/Lb Cooling Fee	- \$1.00/Lb
<hr/> Price To Farmer	<hr/> Price To Farmer	<hr/> \$14.30/Lb
Farmer Price	\$3/Bunch	\$3/Bunch
+ Markup %	+ 30% Markup	+ \$0.90
<hr/> Wholesale Sales Price	<hr/> Wholesale Sales Price	<hr/> \$3.90/Bunch

TIP: If you are working under the clearing house model, buyers will be comparing your price for organic tomatoes, for example, to other prices for organic tomatoes available through the food hub. So be aware of the markup being used when you set your prices and compare the final wholesale sales price of your produce to your direct competitors.

Process of setting prices

In some cases, you may set a contract with a cost per acre that can include floor and ceiling prices. Otherwise there is usually a handshake agreement that you will supply produce to the distributor and prices fluctuate as market conditions change.

Buyer considerations

Distributors are thinking about ease of their operations and the considerations of the buyers detailed in previous sections since that is who they are selling to. Quality, consistency, and scale are major considerations. They also typically require that you have a Food Safety Plan at the very least and possibly a third-party food safety audit. Use these [CAFF training resources and templates](#)¹⁶ to help you write a Food Safety Plan.

Whichever channel you sell into, you can support your pricing by presenting yourself consistently and professionally. In the next section we'll present some best practices when communicating with wholesale buyers. The goal is to deliver information clearly and concisely, so buyers can quickly understand how to do business with you and what makes your farm and produce unique.

¹⁶ <https://caff.org/organic-certification/food-safety-plan-templates/>

Best Practices for Communicating with Wholesale Buyers

Step #1 Send out a harvest schedule

Once a year or once a season send out a pre-season harvest schedule that lets buyers know when you expect to have availability (i.e. which months of the season) and your expected pricing. This alerts them to your existence and gives them a sense of when and what they'll be able to order from you. Remember to list your produce as organic if you are certified!

Step #2 Send out weekly price lists

When you have produce available, send out price lists 2-3 times a week. It's a good practice to send out your price list 24-48 hours before each delivery even if prices haven't changed, to remind a buyer to purchase. Include your farm name, the town and state where you are located, and a list of produce with prices. Use the organic logo at the top and bottom of your price list along with ORG or Organic in produce names. Only use the USDA organic logo and/or call out produce as organic if it is officially certified to the USDA standard. See Appendix B for a sample price list.

Step #3 Be open to negotiation while looking out for your bottom line

Some negotiation on pricing is common when working with wholesale buyers. Know your costs so you can turn down sales that don't work for your business model.

Step #4 Deliver quality orders on time

The best way to grow a wholesale relationship is to consistently deliver what was ordered on time and to ensure that the produce you deliver is ready to display for sale. If you have an issue fulfilling an order, be up front about it as quickly as possible and offer solutions if possible.

What to include on a price list

Buyers are busy. All communication with them should make it very easy for them to take action quickly. Information on price lists should be well organized, brief, and really clear. Graphic elements, such as the USDA organic logo, help a buyer take in information even when scanning your price list. A price list should communicate three key pieces of information.

Your Differentiation. What makes your product a good fit for their customer? When they scan your price list they should easily realize:

- Where your farm is located.
- That your produce is organic.
- Any other differentiating factors that increase the value of your produce.

TIP: Use Visuals.

Visuals, such as the USDA organic logo, deliver information even if a buyer is quickly scanning your price list.



Logistics. You want to deliver all the information your buyers needs to know in order to place an order, including:

- Any order minimums.
- How and when to place orders.
- Your delivery schedule.

Pricing. Create separate lines for each item you have available for sale. On each line, list the crop name, whether it is organic, the pack size (in lbs or counts), the pack type (case, flat, bag, etc.) and pricing. If you have two pack sizes or pack types, list both prices. Whether you list those on separate lines or as different columns on the same line depends on the rest of your product offerings. Also list any volume price breaks you are offering. Opt for a format that is the clearest and easiest to understand.

TIP: Include the word Organic after the crop name (instead of before) so it is easier for the buyer to quickly scan the list of items.

Review

Like many things in farming, pricing is not an exact science. The strategies, best practices, and tips in this guide are tools you can use to better understand, set, and respond to organic produce pricing in wholesale markets. Use them alongside marketplace data and conversations with buyers to get the most accurate sense of the organic premium you can expect to capture for your crops in your locality.

Fairness is one of the four principles of organic agriculture according to the **International Federation of Organic Agriculture Movements**.¹⁷ Within that principle is a dedication to a good quality of life for the organic farmer. Pricing your products appropriately is one step you can take to incorporate that principle and sustain your ability to steward the earth through organic practices.

¹⁷ <https://www.ifoam.bio/why-organic/shaping-agriculture/four-principles-organic>

Appendix A Competitor Price Comparison

Following the instructions on page 7, use this spreadsheet to collect at least ten organic price points of direct competitors. You can collect price points by visiting stores in the area you'll be selling your crop, talking to buyers of those stores, or using USDA AMS data.

For an excel version of this spreadsheet visit the CAFF website [here](#).¹⁸

Break prices down to a common unit size (each, bunch, pound, oz, etc.) before you compare them.

Once you have figured out the average price of your competitors, answer the questions below the spreadsheet.

¹⁸. <https://caff.org/44724-2/>

COMPARING BRAND PRESENTATION

Take a deeper look at the highest price competitors by visiting their website and social media pages. Also, study any stickers, packaging, or signage that might accompany their produce on shelf. What things do you notice? What images and words are used often? What information is conveyed?

Now take a deeper look at the lowest price competitors. Does the way they present themselves differ from what you noticed about the highest price competitors? If so, in what ways?

Now take a look at how you present yourself through your online presence, packaging, and signage. Try as much as possible to act as if you are seeing these things for the first time with no prior information about your farm or produce. Does your presentation align more with the highest price competitors or lowest price competitors? What information do you clearly convey? What information is missing?

What changes can you make to your online presence, packaging, and signage to incorporate what you learned from this exercise?

Appendix B Sample Price List

This price list is an example that delivers all the necessary information to a wholesale buyer in an easily digestible format. It also highlights what makes you and your farm unique in simple ways. You may use it as a template to create your own price list to send to wholesale buyers.

Remember, you can only use the USDA organic logo if you are officially certified to the USDA standard by a third-party certifier. Once this is the case, you can also call out your produce as organic in its item description. If you sell both organic and non-organic crops, make sure it is clear which crops are certified and which are not.

Update this price list weekly. Attach it to an email that includes enticing photos of your crops and more information on your farm and what makes you and your products unique.

Logistics

ORDERING

[How to place an order and by when]

ORDER MINIMUM

[Details on order minimums]

DELIVERY

[What days you deliver to what locations (include link to a map if possible). Delivery fees if applicable.]

PAYMENT TERMS

[How you will invoice, what forms of payment you accept, type of terms (typically net 30), payment address if applicable.]

[Two sentence statement about your farm and your key differentiators.]



[FARM NAME]

[TOWN / STATE]



