



Finding Distributors

Summary

Strategic development of your distribution channels is key to ensuring long-term success and profitability of your specialty food business. Positive relationships with key distributors in your market segment will be essential to your success. Create mutually profitable partnerships to ensure that your distributors will promote your product line. Determine your short and long term distribution goals: are you seeking local or regional distribution to a specific market segment, or national market saturation across multiple segments? The advantages of choosing a distributor should be evaluated at all levels of market access and geographical penetration. A distributor purchases the product directly from you. Their services includes warehousing your product, featuring your product in their catalog, selling direct to retail accounts, transporting product line to retail accounts and handling all ordering and invoicing of retail accounts. All distribution contracts are negotiable between you and your distributor, but expect them to start around 25 percent. In other words, the distributor will take your wholesale price and then mark up that price by 25 percent.

Key Issues

Researching the appropriate distribution channel for your segment and product line is your first step. Most wholesale distributors service a particular market segment as identified below:

- Mass market grocery
 - Natural foods
 - Specialty foods - gourmet - ethnic - international
 - Foodservice
 - Bakery
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Attracting distributors

Listings and advertisements of distributors are routinely published in trade journals. Progressive Grocer, Supermarket Business, Natural Food Merchandiser, and Natural Business are good resources for the natural and specialty food segments. Subscriptions are available through their web sites. URL's are listed in web resources at the end of this page. Food Distribution International, www.fdi.com, is another searchable web site for listings in your area and segment.



- Trade shows. Exhibiting at statewide, regional, or national trade shows is an excellent way to showcase your product line to distributors. Specialty food producers will often place a "distributor wanted" sign on their table to attract interest.
 - Manufacturers & retail contacts can be especially valuable in locating and evaluating your choice of a distributor.
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Choosing your distributors

Helpful hints:

- Timing. How often will they pick-up at your warehouse and what is their delivery schedule to retail accounts?
 - Scale. The volume of sales, market segment and the size of your account territory will determine the size of your distribution channels.
 - Services. What additional marketing support services do they offer?
 - Negotiation. How flexible are they in developing contract conditions?
 - Contracts. Thoroughly review your contract agreement and makes sure the contractual relationship suits your current and future needs.
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Types of Distribution Channels

Creators, marketers, and manufacturers of specialty food products may access target markets through the following distribution channels:

Specialty / Gourmet Foods Distributors

Carry: Mainly dry groceries.

Stores Served: Specialty/gourmet, health/natural, supermarkets, combination stores.

Service Type: Pre-sales, drop-off. Some offer merchandising.

Health / Natural Foods Distributor

Handle: Mainly dry foods, sometimes refrigerated and frozen goods.

Stores Served: Health/natural, specialty/gourmet, supermarkets

Service Type: Pre-sales, drop-off. Some offer merchandising.

Rack Jobber

Handle: Dry groceries, usually high-volume items.

Stores Served: All types, including food service accounts.

Service Type: Full service, including merchandising.



Wholesalers

Handle: Huge variety of groceries, dry, frozen, refrigerated foods, health and beauty aids, and sundries.

Stores Served: Mainly super and convenience stores, but some specialty and natural. Wholesalers supply supermarkets with most of their inventory.

Service Type: Drop at back door. Some offer merchandising.

Warehouse Distributors

Handle: Anything and everything in pallet quantities.

Stores Served: Usually their own; clubs, drug, department stores.

Service Type: Drop and go.

Food Service Distributors

Handle: Anything and everything used by food service operations.

Stores Served: Supermarkets, restaurants, hotels, delis, schools, hospitals.

Service Type: You order it, they will drop it off.

Print Resources

From Kitchen to Market, Ch. 3: "Taking Your Product to Market"

Kitchen to Consumer, Ch. 7: "Marketing Your Product"

Establishing a Shared-Use Commercial Kitchen, Ch. 7: "Marketing Specialty Foods" (available through the National Business Incubator Association's bookstore. Visit their web page at www.nbia.org)

Look for these book titles at you public library or local bookstore. All books are also available through online booksellers, such as www.amazon.com.

Web Resources

[Progressive Grocer](#)

[The Food Dude](#)

[Supermarket Business](#)

[Food people](#)

[Natural Food Merchandiser](#)

[Food Processing magazine](#)

[Natural Business](#)