



Premium Minnesota Garlic: Expanding Beyond Direct Sales

Summarized information provided by ten culinary and food professionals including chefs, restaurateurs, food manufacturers, retailers, wholesalers and entrepreneurs.

Presented by Greg Schweser



Premium Minnesota Garlic: Expanding beyond direct sales

Summarized information provided by ten culinary and food professionals including chefs, restaurateurs, food manufacturers, retailers, wholesalers and entrepreneurs.

October 10, 2022

Presented by Greg Schweser

Report Reviewers:

Constance Carlson, Assistant Director, UMN Extension Regional Sustainable Development Partnerships

Jerry Ford, Network Coordinator, Sustainable Farming Association of Minnesota

Jane Jewett, Associate Director, Minnesota Institute for Sustainable Agriculture (MISA)

Ryan Pesch, Associate Extension Professor, UMN Extension Community Vitality

Partners/Sponsors:

Minnesota Department of Agriculture Specialty Crop Block Grant

Sustainable Farming Association of Minnesota

© 2022, Regents of the University of Minnesota. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this publication/material is available in alternative formats upon request. Direct requests to 218-726-7555.



Introduction:

Most garlic growers in Minnesota rely on direct market sales from their farm stands, farmers markets, CSAs and through internet sales to sell their crop. While these outlets often offer the best opportunity to capture premium pricing, some may find a limitation in the amount of garlic they can sell. Additional opportunities to expand garlic sales might be available in markets like grocery stores, restaurants and food manufacturers. These outlets often have different needs and requirements than direct market customers. For this report, nine culinary and food professionals provided information to help garlic growers better understand the challenges and opportunities to enter these markets and to explain specific needs different buyers would have to make purchase from local farmers possible.

Garlic growers looking to sell into retail and wholesale markets should be willing to make the effort to identify, connect with and get to know produce managers, kitchen managers, food manufacturers and restaurateurs. Each individual customer will have different opinions, willingness, abilities and capacities to purchase local premium garlic. Garlic growers will need to be flexible and make specific arrangements with customers to provide them with a product they can use at a price point they are able to afford.

Considerations when expanding into new markets:

Cost: Currently garlic growers in Minnesota charge on average about \$10-\$12 per pound. While there is certainly variation in pricing, many growers are able to charge even higher prices for premium product (which includes seed garlic). This pricing is typically much higher than restaurants, grocery stores and others are willing to pay. Interviewees reported prices paid for garlic to be more consistent with commodity pricing (e.g. \$4-6 per pound). Some will pay more for premium Minnesota garlic, but usually only about 20 to 50 percent more.

Garlic is typically one minor ingredient in a larger recipe. Food manufacturers that might be interested in supporting local premium garlic producers might consider paying more for local garlic (within limits) if they understand that the overall recipe cost will not increase dramatically. This might be particularly true if they are able to utilize their support of local garlic farmers to promote their product in cases where supporting local farmers is important to their customers.

Some chefs have indicated that locally grown premium garlic has a much stronger flavor than conventionally purchased garlic which enables them to use less local product to achieve similar effects. This could be a bargaining point to entice purchasers to spend a bit more to purchase local premium garlic if overall garlic expenditures are able to remain constant through purchasing less product overall.

Cutting production costs: To profitably sell wholesale, many premium garlic growers should look to identify and develop efficiencies in their systems to lower production costs. Grocery stores, for example, will rarely pay \$8-12/lb. for garlic if they sell conventional garlic for \$4-6/lb. To profitably sell garlic at lower prices, a farmer can carefully consider scaling up the operation through investments in equipment, packing and storage equipment and facilities (like undercutters, planters, mulch spreaders, etc.). Though investments in equipment can be costly, they may pay for themselves in production and labor costs allowing the farmer to profitably enter lower cost markets that utilize higher volume to maximize profitability.

Quality: All customers will demand that your garlic is of high quality. Garlic should consistently be cleaned and be free of dirt. Garlic needs to be cured well and lack bruises or blemishes. Bulb size, however, is not necessarily a quality issue. Many customers will want large bulbs, but others might want small bulbs. Selling your smaller bulbs to these customers, even if at a lower price point, may help your overall profitability if you have no other market for small bulbs. Grocery stores, for example, may find that smaller bulbs sell better if their customers use small amounts of garlic in their cooking. Restaurants or food manufacturers, particularly if they are peeling the garlic themselves, may want larger bulbs for easier processing. Typically, however, most restaurants and some food manufacturers will demand pre-peeled and, sometimes, pre-sliced or pre-minced garlic.

Consider impacts on quality when choosing shipping and delivery methods. Understand the ramifications of different shipping methods and ensure your products will ship at the correct temperatures. Those who deliver their own cured garlic can maintain temperatures easily but those shipping long distances or selling processed products (like peeled garlic) will need to ensure that shipping and/or storage temperatures and humidity do not damage the product while in transit.

Incorporate value-added products: Add value to your garlic crop by developing new products that can be sold to customers. Under the *Product of the Farm* exclusion from licensing, farmers or gardeners in Minnesota can, without a license, sell foods grown on land they occupy and cultivate that contain no added ingredients from elsewhere (e.g., salt, sugar, spices, or oil not produced on the farm). This means a farmer does not require a food manufacturer's license to grow, peel, freeze and/or package their own garlic for sale to customers. Products like garlic powder, peeled, frozen, or chopped garlic could be good value-added products and allow a garlic grower to access more customers. Even finding customers for your garlic scapes can be a good opportunity to increase revenue from your crop.

This exclusion from licensing does NOT exempt a farmer from following safe food handling practices. Anyone selling food is always obligated to ensure their product is safe. If you intend to do processing of garlic, follow [Current Good Manufacturing Practices \(CGMPs\)](#). If you want to make black garlic, be aware that there is a botulism risk in the final product if the process is done improperly and a risk of fire, if household appliances like rice cookers are used. Use commercial-grade equipment to make black garlic.

Farmers might choose to make various value-added products with added ingredients like garlic scape pesto, garlic mayonnaise, garlic salt, or pickled garlic for sale to retail establishments, food manufacturers, or restaurants. These products would need to be made under a food license from the Minnesota Department of Agriculture. Farmers can get licensed to operate in commercial-grade kitchens in their community. A community center kitchen or off-hours restaurant kitchen may be adequately equipped for making a garlic product. Working with a co-packer who makes the product according to specifications is another option. In that case, the farmer will need a food handler license to take back the finished product from the co-packer and sell it. Contact MDA's Licensing Liaison as your first step toward getting a license: <https://www.mda.state.mn.us/food-liaison-request>.

Certifications: Wholesalers, large retailers, or food manufacturers might require your operation to have GAP (good agricultural practices) certification and liability insurance. Garlic is rarely consumed raw and this is not covered by the Food Safety Modernization Act (FSMA), however food businesses purchasing your garlic can still require you to undergo various certification programs. Connect with your local Extension office to learn more about GAPs training and certification. Some buyers might be willing to review your food safety plan rather than requiring a full GAP certification effort.

Tell the story of your garlic: Garlic farmers have the opportunity to educate their customers on the variety of flavors and uses of premium Minnesota-grown garlic. Home cooks may still be using Chinese or Californian pre-packaged garlic cloves from the store while chefs prefer peeled frozen garlic. Others may appreciate and be willing to pay more for premium garlic, but still not know the differences between different varieties. It can be helpful for your customers to know about the different flavor profiles. Which varieties are best raw? Which stand out when roasted? Which are best for making salsa or garlic mayonnaise? Give your customers the information they need to make the best use of the garlic you sell. Some customers also respond well to knowing their farmers. Provide information about yourself. Why do you grow garlic? Which is your favorite? Consider various methods of conveying this information through shelf-talkers, pictures, blurbs in the catalog, or online. Be clear and concise to convey the necessary information.

Be available: Give your prospective customers as many reasons to say yes as you can. Answer emails and texts promptly. Pick up the phone before it goes to voicemail. Drop by the restaurant or grocery store you hope to sell to when you pass by and leave samples, messages and sell sheets for the produce buyers. Sometimes getting the first sale is the hardest. First time purchases might be small and seem insignificant, but if it works out, customers might increase their purchase volumes. One sale might lead to another as grocery stores, chefs and food manufacturers compare notes. Building a profitable garlic business will take time. Expect to experience early disappointments and small sales volumes when starting out.

Considerations for different categories of food businesses:

Different types of buyers will have different requirements for the condition of garlic depending on their, or their customer's, intended use. A wholesaler selling to grocery stores, for example, will require a certain appearance, quality, or shape than, for example, a restaurant. Those who typically sell minimally cleaned bulk garlic directly to consumers may have to make additional considerations for creating a specific product to meet the needs of new customers using the following considerations as a guide:

Deli/grocery: Some small grocery stores, food coops, or delis (grocery store delis) might have an interest in purchasing garlic directly from farmers, particularly if they are stores that have a commitment to supporting local farmers. For these stores, quality, price and size need to be predictable. Keep an eye out for the price of conventional garlic in those stores as they are unlikely to carry a product that is priced at too much of a premium. Also, be sure to understand that the grocery store will need to mark up your garlic 30-40% of your sale cost to sell to their customers. Some grocery stores can have arrangements made a year in advance, so don't expect to march into the store and make a sale right away. This gives both the farmer and the grocery store time to plan for the next season. Note that for grocery store delis, a special-made garlic product (salad dressing, garlic oil, pickled garlic, etc.) is more of a condiment and might not sell a lot (compared to consistent sellers like guacamole) so don't expect to unload large amounts of garlic.

Restaurants: Many chefs take pride in supporting local farmers and utilizing high quality ingredients. However, garlic growers may be at a disadvantage selling to local restaurants as garlic is not typically a signature product in menu items and is typically used in creating condiments rather than staple foods. Due to the fast paced and demanding work environment in kitchens, restaurants also often use pre-peeled frozen garlic. Restaurants may want sporadic quantities (e.g., 10 pounds

this week, 50 next week) and may have price sensitivity and be unwilling to deviate too much from their current garlic price.

Seek out restaurants that have a dedicated commitment to supporting local growers and, if you make a connection, realize that dependability, consistent product quality and accessibility are very important when dealing with chefs. That means you'll always have to answer your phone, make deliveries on time and always make sure the restaurant will know as soon as possible if there are issues with availability or quality, so they have time to find product elsewhere if needed. For most restaurants, packaging doesn't matter. They might just buy garlic in brown paper sacks and put it in their own containers when it arrives.

Food Manufacturers: Food manufacturers are local producers of finished grocery items like salsa, hot sauce, hummus, guacamole, kimchi, or other products. Many local food manufacturers support local farmers and use Minnesota grown ingredients to differentiate their products. Unlike restaurants or delis that don't often have the time or space to peel and process garlic, some food manufacturers with garlic heavy products might be able to make this accommodation. Seek out food manufacturers at festivals, trade shows, or amongst the products at your local grocery store. For some food manufacturers that create products where garlic is a minor ingredient, they may be willing to pay a higher price to support local farmers as the price of a minor ingredient may not drastically increase the cost of the overall recipe.

Kitchen workers, chefs and food manufacturers often work with garlic that is already peeled and frozen because of its ability to save on labor costs and spare kitchen space. Kitchen managers may be unwilling to devote staff time to peeling garlic and would instead consider utilizing a commercial scale garlic peeler. However, such equipment, though possibly inexpensive, takes up kitchen space and requires cleaning. For these reasons, commercial kitchens and restaurants may be unwilling, or unable, to compromise on this issue and demand pre peeled garlic. It might be optimal for a garlic grower to purchase their own commercial garlic peeler in order to develop this product for customers. Currently, such machines may be available for between \$1000 and \$2000. Remember that a commercial garlic grower in Minnesota does not require a license to process and sell garlic products as long as off-farm ingredients are not added to the final product.

Aggregators: Aggregators buy garlic from multiple growers and manage sales to various outlets. While sales through an aggregator might not allow one to get the best price for their product, it eliminates the time and costs associated with identifying buyers. Aggregators might have access to various markets that individual growers cannot reach including larger retail grocery stores or wholesalers that do not want to buy from multiple growers. Aggregators will provide a template of standards for buying and selling your garlic. These might include size, varieties, specifications for organic or conventional, cleaned, trimmed, or other characteristics. Aggregators serving Minnesota can be found on the Sustainable Farming Association of Minnesota's online garlic directory.

Wholesale brokers: One way to break into the market for grocers, manufacturers and restaurants is to work directly with a wholesaler that supplies those customers. Providing garlic at that scale requires investments in machinery, packing equipment, storage and other infrastructure to make production efficient enough to lower production cost. An overall lower production cost will help a grower be profitable at a sales price that is more in line with the commodity price. Yet, without a scaled-up production system, it is difficult to find wholesale producers willing to pay enough for your product to allow you to grow. Securing wholesale accounts can require years of building relationships, trust and willingness to take large risks and leaps of faith. It might be easier to access the wholesale garlic market by first selling through an aggregator.

Conclusion:

Farmers looking to expand their garlic businesses to reach broader markets will find both opportunities and challenges. The sheer numbers of retail establishments, wholesalers, restaurants and food manufacturers offer a wide untapped market of potential customers. Reaching those customers, however, will require a different approach and techniques than direct sales to consumers. It might be necessary to invest in additional planting, harvesting, or processing equipment to reduce labor and other costs in order to become profitable selling at lower prices. Developing value-added products or minimally processed garlic (e.g., peeled, frozen garlic) might open the door to some customers. Or simply explaining the difference in quality and flavor profiles of locally grown premium garlic might entice chefs and retail stores to purchase your product. Each potential customer, however, is unique. The first step is to reach out, open dialogue and build relationships. Some will be excited to try local premium garlic, others won't have the capacity. You won't know who your customers are until you connect with them.