



**OREGON
DEPARTMENT OF
AGRICULTURE**



Working with Distributors

Once you have a handle on your production costs, you might consider working with a distributor. Distributors can help you save time and money once you reach a scale of production that gives you the margins you need to be profitable. Bear in mind, if you are new to selling into wholesale markets, you will need a dual pricing strategy as the markups differ between retail and wholesale. Margins will also vary within the distribution industry as the acquisition price will be set by the individual characteristics unique to each distributor.

One of the first places to start is to ask your peers to get their feedback on distributors to help narrow down the field on which companies to interview.

Here are a few tips to consider when you meet with a distributor:

Interview tips

- ✓ Some distributors will have a staff person available to talk to you about their business to see if it's a fit.
- ✓ Not all distributors have school accounts, so you'll want to discuss this early on.
- ✓ Ask about the products that they can handle. Some can only store shelf-stable products, some may not be able to store all types of perishable foods. You'll want to ask whether they can carry plant-based vs. meat, poultry, seafood products.
- ✓ Ask if the distributor is familiar with chain of custody and temperature requirements of different seafood products.
- ✓ Ask about logistics. Some will pick up products from your warehouse, some expect the product delivered.
- ✓ Discuss their delivery schedules. They likely have different delivery days to regions.
- ✓ Some distributors are willing to deliver samples at schools' request.
- ✓ Discuss their fee structures. Some will charge a delivery fee separate than the cost of distribution under contract, especially for an off-contract customer.
- ✓ Understand your contract and hire legal counsel or ask questions until you do. You need to be aware that if you grant exclusive rights of distribution, this may affect your ability to market yourself in certain regions.
- ✓ Distributors may have special vendor events or a sales force team, so be sure to ask how they can make your product more visible and include these marketing terms in your contract.



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