

UNIT 4

Other Direct and Intermediate Marketing Options

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Introduction: Other Direct & Intermediate Marketing Options

UNIT OVERVIEW

Along with Community Supported Agriculture (CSA), there are a number of other direct and intermediate marketing strategies that growers are using to maintain the economic viability of their small farms. This unit introduces students to some of the primary and innovative marketing approaches being used or explored by small-scale producers.

Unit 4.1 – Direct to Consumers—Farmers’ Markets and

Roadside Stands, provides an overview of the essential considerations for developing and managing direct market sales through farmers’ markets and roadside stands.

Unit 4.2 – Selling to Restaurants and Retail

, introduces students to the steps involved and the opportunities and challenges faced in selling directly to these markets.

Unit 4.3 – Additional Marketing Options

, introduces students to some of the newer strategies people are exploring to expand their reach beyond the more standard ways of reaching customers. These include working with faith-based organizations as well as implementing agritourism ventures and eCommerce strategies. It also briefly reviews intermediate strategies such as farm-to-institution, food hubs, and collaborative ventures.

MODES OF INSTRUCTION

> LECTURES (4 LECTURES, 1–2 HOURS PER LECTURE)

LEARNING OBJECTIVES

CONCEPTS

- Basic steps and considerations involved in direct marketing through farmers’ markets, roadside stands, restaurants, and retail
- Considerations and issues involved in direct marketing through agritourism and mail order strategies
- Opportunities available through faith-based congregations and institutions, which represent a largely untapped market for direct produce sales
- Opportunities available through alternative intermediate marketing channels: farm-to-institution, collaborative ventures, and food hubs

General Marketing Resources

Additional topic-specific resources can be found in the References & Resources sections of Units 4.1–4.3

BOOKS

Bills, Nelson, Monika Roth and Jane Maestro-Scherer. 2000. *Direct Marketing Today: Challenges and Opportunities—2000*. Agricultural Marketing Service, USDA. www.ams.usda.gov/directmarketing/DirectMar2.pdf

A look at direct marketing options, challenges, and information needs based on a survey of industry participants.

Byczynski, Lynn. 1997. *The Flower Farmer: An Organic Grower's Guide to Raising and Selling Cut Flowers*. White River Junction, VT: Chelsea Green Publishing.

A comprehensive introductory guide to commercial cut flower production, including variety recommendations, cultivation, harvest and post-harvest handling, flower marketing, yield and pricing, woody ornamentals, dried flowers, arranging, profiles of successful growers, and an appendix with production and harvest advice on 100 species. A lovely book as well. Available from Growing for Market at 800.307-8949.

Canadian Farm Business Management Council. 2002. *Marketing on the Edge: A Marketing Guide for Progressive Farmers*. Ottawa, ON.

A comprehensive guide to direct marketing, co-published with the North American Farmers' Direct Marketing Association. 144 pages, paperback. Available through the New England Small Farm Institute Library: www.smallfarm.org.

Grubingers, Vern. 1999. *Sustainable Vegetable Production from Start-up to Market*. Natural Resources Agriculture and Engineering Services (NRAES).

Covers equipment thoroughly, as well as farm planning and business management. Contains a section on grower profiles for 18 crops, including their enterprise budgets. A great overview for farmers starting out or those looking for different angles. Can be purchased from: palspublishing.cals.cornell.edu/

Haakenson, Dan. 1995. *The Small Commercial Garden*. PC-Services.

Detailed information from his own records on designing the garden to grow for sale, marketing, commercial design of necessary structures, planning, growing, harvesting, and intensive advice on basic crops that are the mainstay of any good market garden—no unusual crops. Highly recommended for small market growers.

Hamilton, Neil. *The Legal Guide for Direct Farm Marketing. Second Edition* (online only). Des Moines, IA: Drake University. directmarketersforum.org/the-legal-guide-for-direct-farm-marketing/

The author is a successful farmer, attorney, and professor of agricultural law. This comprehensive guide is essential for anyone considering direct farm marketing. Hamilton covers liability, regulations, labor law, processed foods, and meat marketing issues in layman's terms.

Hartman, Harvey and David Wright. 1999. *Marketing to the New Natural Consumer*. Bellevue, WA: The Hartman Group.

A summary of the Hartman Group's research into organic and lifestyle consumer trends. Understanding consumer trends in the food and natural products market can help you succeed in this new marketplace. 267 pages, paperback. Available through the New England Small Farm Institute Library: www.smallfarm.org.

LeRoux, Matthew. 2014 (updated). *Guide to Marketing Channel Selection: How to Sell Through Wholesale and Direct Marketing Channels*. Cornell University Extension, Thomkins County. smallfarms.cornell.edu/files/2014/07/Guide-to-Marketing-Channel-1ib5phn.pdf

This document describes the different marketing channels available to new farmers, including wholesale, institutional options and auctions. Also provided is information and exercises to help choose the best channel, or combinations of channels.

Macher, Ron. 1999. *Making Your Small Farm Profitable*. North Adams, MA: Storey Books.

Covers marketing and balanced farm management for the beginning or experienced farmer. See: www.smallfarmtoday.com

Olson, Michael. 2010. *Metro Farm: The Guide to Growing for Big Profit on a Small Parcel of Land*. TS Books.

Thorough and fun to read, this book generates a million ideas and helps you chart your course for creating a new small farm enterprise.

Overview—Managing Legal and Regulatory Risk for Diversified Family Farms (Workbook 6). From Risk Management Training for Diversified Family Farmers. USDA Risk Management Agency, Farm Services Agency and Farm and Agriculture Collaborative Training Systems. caff.org/wp-content/uploads/2010/07/Workbook_6.pdf

Based on a workshop, this document explores important considerations for choosing a business form, signing a contract, and setting up human resource structures

Rosenzweig, Marcie A. 1999. *Market Farm Forms: Spreadsheet Templates for Planning and Tracking Information on Diversified Market Farm*.

Developed to help with planning, planting, and income diversification. The book explains how to enter your farm's information into the templates, and what the calculated data tell you. Cross-platform CD works seamlessly with Excel. Computerless farmers can use the printed forms with a pencil and calculator. 100 pages plus diskette. Order from Full Circle Organic Farm, 3377 Early Times Lane, Auburn, CA 95603. E-mail: fullcircle@jps.net.

Rowell, Brent, Tim Woods and Jim Mansfield. 1999. *Marketing Options for Commercial Vegetable Growers*. University of Kentucky, College of Agriculture, Cooperative Extension ID-134. www2.ca.uky.edu/agc/pubs/id/id134/id134.pdf

Publication exploring various marketing options for vegetable crops producers.

Schwenke, Karl. 1991. *Successful Small-Scale Farming: An Organic Approach*. North Adams, MA: Storey Publishing.

This book goes beyond growing crops to show everything you need to know—including which direction to begin plowing your fields,

machinery you might not need, how to pull up old fence posts, and other info you missed from your farming grandparents!

USDA Sustainable Agriculture Network (SAN). 2004. *Marketing Strategies for Farmers and Ranchers*. www.sare.org/publications/marketing.htm

"This 20-page bulletin offers snapshots of the many alternatives to marketing commodities through conventional channels. Describes how to break into farmers markets; establish pick-your-own operations and farm stands; begin entertainment farming; open a Community Supported Agriculture (CSA) farm; join or start a cooperative; sell to restaurants or through mail order and the Internet; how to process and direct-market meat; and ways to add value to farm products."

Western Extension Marketing Committee. 2003. *Western Profiles of Innovative Agricultural Marketing: Examples from Direct Farm Marketing and Agri-Tourism Enterprises*. Cooperative Extension of the University of Arizona, Publication AZ1325. ag.arizona.edu/arec/wemc/westernprofiles/westernprofilesbookweb.pdf

Provides 17 case studies of successful innovative direct farm marketing enterprises.

PERIODICALS

American Vegetable Grower/American Fruit Grower
www.meistermedia.com/publications/american-vegetable-grower/

A subscription magazine for produce growers and marketers. Meister Publishing.

Growing for Market

www.growingformarket.com/

A very useful national monthly newsletter for direct market farmers. Covers production and marketing of vegetables and flowers.

The Packer

www.thepacker.com

A business newspaper for the produce industry.

Small Farm Digest

A subscription newsletter published three times a year by the Cooperative State Research, Education, and Extension Service, United States Department of Agriculture (USDA). Discusses issues affecting today's small farmers. Small Farm Digest is available on the CSREES home page: www.csrees.usda.gov/newsroom/newsletters/smallfarmdigest/sfd.html.

Small Farm News

sfp.ucdavis.edu/pubs/SFNews/

The Small Farm Newsletter is a quarterly publication of the UC Davis Small Farm Center. The newsletter features farmer and farm advisor profiles, research articles, farm-related print and web resources, news items and a calendar of state, national and international events.

ARTICLES

Fairchild, L. 2002. *Fresh Trends: A 2002 Profile of the Fresh Produce Consumer*. Lenexa, KS: Vance Publishing.

Jewett, Jane G., Beth Nelson and Derrick Braaten. 2007. *Marketing Local Food*. Minnesota Institute for Sustainable Agriculture. www.misa.umn.edu/prod/groups/cfans/@pub/@cfans/@misa/documents/asset/cfans_asset_305240.pdf

A comprehensive and useful guide to marketing local food. A very clear and useful overview with several case examples.

Wisconsin Department of Agriculture, Trade and Consumer Protection. 2008. *Wisconsin Local Food Marketing Guide*. mosesorganic.org/attachments/productioninfo/08wimarketguide.pdf

An extensive overview for marketing local food. It includes direct and intermediate sales options, as well as covering issues related to pricing, licensing, food safety and market development.

Green, Diane, Colette DePhelps, and Cinda Williams. 2008. *Protecting Your Farm or Ranch: A Guide for Direct Farm Marketing in Idaho*. Rural Roots Inc. www.ruralroots.org/Resources/directmarketing/directmarketingguide.asp

This on-line guide offers guidance for managing risk when doing direct marketing.

WEB-BASED RESOURCES

Alternative Farming Systems Information Center

www.nal.usda.gov/afsic/index.html

A comprehensive listing of electronic resources addressing the following subject areas:

Regulation, Laws, and Legislation governing organic production and trade; How-to guides on Marketing, Business Planning, and Sample Enterprise Budgets; Guides to Data, Suppliers, Outlets, and Event; Industry and Data Sources; Market and Consumer Studies; Support Organizations. Compiled by Mary V. Gold of the National Agricultural Library in association with the Agricultural Research Service of the U.S. Department of Agriculture.

ATTRA—National Sustainable Agriculture Information Service. Direct Marketing. Business Management Series

attra.ncat.org/marketing.html

This site contains extensive listings of concise online publications addressing all aspects of direct marketing and alternative marketing arrangements including; marketing of organic products, institutional buying relationship, cooperatives, value added, selling to restaurants, agricultural tourism, farmers' markets and CSA. It also offers tip sheets on working with various marketing channels including retail grocery stores, institutions, produce distributors, produce brokers, packing houses, restaurants and wholesale buyers at terminal markets.

Cornell Small Farms Program

smallfarms.cornell.edu/resources/marketing/

They have a number of excellent articles on marketing methods and strategies

Direct Marketing Resource Guide Online Database

www.sare.org/publications/dmrg.htm;
wsare.usu.edu/marketing/search.cfm

This extensive annotated listing includes practical, high quality resources such as print publications, videos, and web resources that will help growers meet their direct marketing goals. The resources are organized into 9 categories including: Farmers' Markets; Community Supported Agriculture; Agricultural Cooperatives; Farm-to-School/Selling to Institutions; Direct Marketing Livestock; Roadside Stands/Markets; Selling

to Restaurants; and Value-Added Production/ Marketing.

eXtension

www.extension.org/pages/59456/marketing-and-food-systems-in-organic-production

This site has a number of documents and videos that offer information about direct marketing.

Farms Reach—Marketing & Sales Toolkit

www.farmsreach.com/welcome/marketing-sales/

Field Guide to the New American Foodshed

foodshedguide.org

The New American Foodshed is considered to be the newly emerging local and regional markets that are springing up for agricultural operations. This website based guide offers information to those starting farming and ranching businesses, as well as their advisors, to identify information helpful for entering these markets. The site includes case studies of success new market entry, planning tools and an overview of the New American Foodshed.

Know Your Farmer-Know Your Food Compass and Map

www.usda.gov/wps/portal/usda/usdahome?navid=KYF_COMPASS

A project of the USDA, the “Know Your Farmer-Know Your Food” website aims to continue to build local food systems, by providing a variety of resources to farmers, farmer groups and communities.

New England Small Farm Institute

www.smallfarm.org/main/for_new_farmers/

This site has a section for new farmers. This section contains resources for exploring the small farm dream, land linking information, new farmer Q&A and a number of other resources listed by topic. There are resources and farmer Q & A that focus on marketing.

Organic Agricultural Products: Marketing and Trade Resources

www.nal.usda.gov/afsic/pubs/OAP/OAP.shtml

A collaborative program of the USDA Agricultural Research Services and the National Agricultural Library to provide marketing and trade information for organic agriculture products. Contains information on: Regulations,

Laws and Legislation; How-to Guides; Guides to Data, Suppliers, Outlets and Events; Industry Data Sources; Market and Consumer Studies; Support Organizations; and a listing of appendices containing USDA National Organic Program standard for certification, production, labeling and marketing.

Penn State Extension—Marketing

extension.psu.edu/business/farm/marketing

This site has several resources for farmers on marketing outlets, market research, direct mail marketing, social media, web presence and niche marketing.

Produce Marketing Association

www.pma.com

Home page of the Produce Marketing Association. Lists conventions, other events, links to the web pages of major produce companies including organic.

UC Small Farm Center

www.sfc.ucdavis.edu

The UC Small Farm Center (SFC) serves as a clearinghouse for questions from farmers, marketers, farm advisors, trade associations, government officials and agencies, and the academic community. The SFC maintains a library of books, scientific and popular journals, reports, directories, and periodicals covering production, marketing, and policy issues. SFC publishes manuals, proceedings, pamphlets, leaflets, and a quarterly newsletter that includes news of upcoming events, publications, topical issues, and profiles of farmers and farm advisors. The SFC organizes and coordinates statewide conferences, workshops, and symposia and supports advisors, farmers’ markets, and farm organizations in regional and local programs.

USDA Agricultural Marketing Service (AMS) - Farmers Markets and Local Food Marketing

www.ams.usda.gov/AMsv1.0/ —then choose “Farmers Markets and Local Food Marketing” from the left hand column.

This site provides an extensive list of online resources relating to direct and local marketing

USDA AMS Market News Service

www.ams.usda.gov/marketnews.htm

Provides current U.S. price and sales information. One of the best sources for daily to weekly reports for all kinds of commodity prices, bids, imports and exports in the U.S., from dairy, feedstuffs, fruit and vegetables, futures, grains, hay, livestock, meat, poultry, tobacco. Reports cover both domestic and international markets. Other reports include information on volume, quality, condition, and other market data on farm products in specific markets and marketing areas.

Direct to Consumers –Farmers’ Markets and Roadside Stands

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Lecture 1: Farmers' Markets

A. The Rationale Behind Direct Marketing

1. Capturing a greater percentage of the food dollar and improving cash flow: Direct marketing can be an effective strategy in improving the economic viability of small- and medium-scale farms. By marketing directly to the end consumers, farmers can capture 100% of the consumer food dollar (minus costs of production), instead of the smaller percent derived from wholesale marketing arrangements.
2. Marketing and business planning: Despite the advantages of direct marketing, careful business planning and attention to detail at every step of the farming and marketing process are necessary to be successful. The following lecture outlines many critical considerations for small-scale growers interested in direct marketing through farmers' markets.

B. Advantages of Farmers' Markets for Growers

1. A farmers' market is an arrangement where more than one farmer installs portable displays in a central location for the sale of farm produce. By congregating, multiple farmers with different and complimentary offerings are able to draw a greater number of customers than if selling independently.
2. Farmers' markets offer an opportunity for small-scale farmers who do not have the volume or variety to supply a farm stand or other daily market a chance to participate in a larger market venue one or more times per week
3. Farmers' markets can also provide the opportunity for geographically remote farms to bring their produce to urban markets
4. Farmers' markets can provide an opportunity for farms to concentrate more on production and selling, leaving advertising and marketing considerations to the farmers' market management organization
5. Farmers' markets can often drive wholesale markets by introducing customers to the farmer as well as his or her products
6. Direct customer feedback – The farmers' market is an excellent place to test new varieties and find out about varieties customers would like to have available
7. Farmer-to-farmer knowledge exchange – The farmers' market is a valuable place to meet other growers, get new ideas about production and marketing, and learn about creative presentation

C. Farmers' Markets: Organization and Management

1. Most farmers' markets are organized as nonprofit organizations. In some cases a sponsoring nonprofit agency (e.g., chamber of commerce) may host a farmers' market as a side project or, in some larger urban areas, nonprofits exist for the sole purpose of managing farmers' markets (e.g., New York Green Markets). Markets can also be run by municipalities (e.g. the city of Santa Monica).
2. Producer-driven farmers' markets – In other instances core vendors might form a board of directors who develop the market and oversee the market rules
3. Farmers' market manager – Market managers are usually hired to oversee the market during hours of operation, enforce the rules, promote the market through advertising, and collect vendor fees
4. The farmers' market board of directors (or sponsoring agency) is generally responsible for establishing vendor guidelines. Critical issues to be covered in vendor guidelines include –
 - a) The amount of space allocated to each vendor

- b) The cost of space for each vendor – Some markets have a per market day stall fee and others collect a percentage of each vendor’s per market day sales. Money collected should go towards advertising and to pay the market manager’s stipend.
 - c) Rules for balancing the specific types of products sold by the market vendors and allowing new vendors into a market – Market managers should try to provide as many types of local food products as possible, but mechanisms to prevent oversupplying particular items to the point where the business is spread too thin should be implemented. Policies should also be established regarding craft vendors and prepared food vendors.
 - d) Rules regarding the origin of produce sold by vendors –
 - i. Some markets have a “producer only” rule (i.e., vendors must have grown all of the food that they bring to market)
 - ii. “Certified farmers’ markets” are those markets that are certified by a local or state agency to be selling products produced solely by the vendors represented at the market. This rule prevents vendors from buying produce on the wholesale market and reselling it at a retail mark-up.
 - California Certified Farmers’ Markets require vendors to have a State of California Certified Producers’ Certificate. These are issued by County Agricultural Commissioners, and require an inspection of your farm to verify the products listed on your certificate are indeed produced on your farm. The certificate must be displayed in each vendor’s stall every market day. Contact your County’s Agricultural Commissioner to apply for this certificate.
 - iii. Other markets find that it is useful for both the consumers (by increasing market selection) and the vendors (by providing more sales) if vendors are allowed to supplement their produce with other locally grown products. These markets need very clear policies on what can be purchased and resold by vendors, and also how this produce is labeled for the consumer at the market. Some markets allow a percentage of a vendor’s sales (e.g., 20%) to be derived from another farm, provided that farm is also local and provides a membership fee to the market. Both “producer only” and markets with other rules must have an enforcement policy to ensure that vendors adhere to the rules. Larger farmers’ market organizations often conduct inspections of farmers’ fields to ensure that the produce they bring to market originated on the vendor’s farm.
5. Insurance – In some cases markets require that each vendor be insured for off-farm market sales. Most markets also have an insurance policy that covers the market in particular.

D. Choosing and Applying to Farmers’ Markets

1. Before choosing a farmers’ market, there are several things to explore
 - a) Decide how far you want to travel – then see what markets are available in that area. To locate markets in your desired region, try your local or state Ag Extension office, or the USDA website at www.ams.usda.gov/farmersmarkets. Also try localharvest.com.
 - b) How many markets do you want to sell at? Or how many days can you be off the farm? Can you do two markets in one day?
 - c) Check to see who has available space. In some areas there is limited or no space available. It will be hard to impossible to get into big, long-running markets. Smaller and newer markets are likely to provide more access.
 - d) Learn about the customer base and potential. How many customers does it have? Is the market located in a busy spot? Is there parking? Who attends the market? Are there other businesses nearby that might sell similar products?

- e) Find out about how the market runs. For example, who runs the market? Who establishes the rules? Does the market advertise? Does it have fees for vendors? What are the market rules? Can you share a booth with another farmer? If this is allowed, it can save on costs for new farmers.
 - f) How does your cropping plan fit into the market? Do you have something to offer that isn't already in abundant supply? Do you need to grow some different crops to participate meaningfully?
 - g) Does the market participate in EBT or special programs like SNAP (food stamps) with the incentive program? Is this part of the farmers' market nutrition program?
 - h) The exploration can be done by talking to the market manager and spending time in the market
 - i. Remember that market managers are gatekeepers—so making a good first impression is important. It is always a good policy to email or call first, and not expect they will have time to talk to you at the market. Find out when they have availability to talk.
 - ii. To demonstrate your commitment to selling at the market, have your Certified Producers Certificate (in CA) and a completed farmer's market application before you even go and talk to the manager—to show your commitment to selling at the market
 - iii. There are tools available to review the markets you visit (see page 24 of MacNear and Kelly, 2012)
2. Applying to a market
- a) Applications may ask questions about what you intend to sell, your crop plan, who will be staffing the market space, etc.
 - b) You may be asked to show a copy of your liability insurance. Check with your local Farm Bureau office, as they may be able to provide insurance coverage and a lower rate.
 - c) Contract – a market contract will usually provide basic information about the type of insurance needed, how disputes will be resolved, penalties for rule violation, and an agreement that you will follow local, state, and federal laws (though you will likely need to be aware of these yourself, they will not necessarily spell all of them out for you)

E. Selling at the Market

1. Quality – it is important to offer high quality products. Fruits, vegetables and flowers should be fresh, clean, and tasty.
2. Presentation – As farmers' markets can potentially provide concentrated periods of high-volume sales, how an individual market display appears to customers is very important to successful marketing. Important considerations –
 - a) Displays at the farmers' market are one of the most important factors in a successful marketing effort. Although growing quality produce is essential, produce must then be cleaned, packaged or bunched, and displayed in a way that customers find attractive. This point can't be overstated.
 - b) Using wooden display crates and baskets can make a huge difference in enhancing produce displays. Although plastic crates are probably the most efficient type of container for handling and transporting produce, plastic generally is less appealing on the display. Using plastic containers to transport items that will be transferred onto tables, shelves, or into attractive wooden crates or baskets makes sense. Apple crates are stackable for transport if not overfilled. They can then be tipped on their side with the produce spilling out for a feeling of abundance when making the displays. Stacking apple or other wooden crates two or more crates high on their sides can make striking tiered vegetable tower displays. Wooden bushel baskets can also be attractive in displays, but they do not transport as easily.

- c) Attractive packaging and unitizing (forming bulk produce into a unit) can be a good idea for some types of crops. Peck and half-peck bags for apples, pulp containers for berries and cherry tomatoes, mesh bags for onions and potatoes, plastic bags for topped carrots and beets are all examples of unitizing. This method can make it easier for customers to select their purchases, and it may also encourage them to purchase more volume than they otherwise would. Selling bunches of root crops and greens is another method of unitizing.
When using this method provide full units in order to create a sense of abundance and value. Also, don't provide only unitized items. Some people want only very small quantities, or they want to try a little bit of lots of varieties. In general the more choices you can give your customers, the more satisfied they will be.
 - d) Provide clear and easy to read signs that display the prices for each item. Some customers want to know what different items cost without needing to ask for help. Also if your product is certified organic you should indicate "organic" on the label of each item. If you have a mix of conventional and organic products be sure to clearly label which products are organic and which are conventional, and ensure the products do not co-mingle by having separate baskets or bins for each item.
3. Pedestrian traffic – The flow of pedestrian traffic at the farmers' market booth must be considered and planned out. Is there an easy traffic flow from the entrance to the paying area? Does this traffic pattern draw people past the maximum number of product displays? Are point-of-purchase items located near the register?
 4. Displays of perishable items
 - a) Perishable items need special attention. At the farmers' market, displaying these items on vertical shelving and then manually pouring water over the greens and bunch crop display racks during the course of the market can be very effective. Shade must also be provided using umbrellas or tents.
 - b) Some farm products such as eggs, milk, cider, frozen meat, etc. will need coolers or freezers in order to be stored and displayed safely. At farmers' markets this can be a challenge due to a lack of electricity. Some markets are now providing electricity to vendors so that coolers and freezers can be plugged in. Otherwise, ice can be used to keep these products cool. Be sure to stay abreast of the latest food safety requirements when it comes to displaying these items.
 5. Customer service
 - a) When helping customers it is important to be friendly, respectful and courteous, even to hostile customers. People who enjoy interacting and talking to people about the products being sold often enjoy farmers' market vending. At the market, vendors should be more neatly dressed than usual. Preferably a farm T-shirt or farmers' market T-shirt should be worn in order to establish professionalism and help customers identify the vendors. When ringing up customer orders, sales can be increased by asking customers "will that be all?".
 - b) Using the same staff every week can help build relationship and familiarity
 - c) Choosing outgoing and friendly staff at the market will help to increase customer engagement and retention. Train staff about the farm's story and growing practices, as it will also help provide more connection with the customers.
 - d) Get to know as many customers' names as possible. This shows that you care about them and their business.
 6. Paperwork and accounting- you need to keep good records. Paperwork also includes the load list for the farmers' market manager. It's good to start with your opening inventory and fill it out at the end with your closing inventory so you have a handle on how much product you actually sold and what kind of return you should have in your cash box at the

end of the day. This is also important for organic certification, which requires you to keep a record of your sales.

- a) **CERTIFICATION NOTE:** Don't give away your only copy of the load list. One of the most common challenges farmers have with their organic certification is forgetting to keep harvest and sales records. The load list can serve as your harvest record and your inventory at the end of market can serve as your sales record, both of which you will need to present at your organic inspection.

7. Transportation and set up

- a) Producers selling at farmers' markets require a portable display system and a vehicle capable of carrying the load. The type of vehicle should be carefully considered.
- b) Vehicles must accommodate both the load of produce to be sold at market and the benches and tables that make up the displays. Consider designing a truck shelving system that holds the produce load in transport, and then transforms into the display structure upon arrival at the market. Many vendors at farmers' markets use box trucks, vans, or trucks to transport produce. Open pickup trucks can be detrimental to many types of produce due to wind and sun exposure.
- c) Display arrangements should be easy to set up and take down (as light as possible), effective at showing off the produce and farm products, and efficient at using the limited space that is often allocated to each vendor at busy markets. Vertical tiered displays help fit more produce into the same ground space and can be visually exciting for the customer.
- d) A shelter or EZ up tent is useful. It protects your products, you, and the customer from the sun and rain.
- e) When loading for farmers' markets, a system should be established so that necessary supplies are always on hand when needed. Developing a checklist that is used every time loading occurs can help you remember important supplies. Sign-making supplies should always be included.
- f) Most farmers use county certified digital scales that can calculate prices. Be aware that your scale has to be registered with the weights and measures department.
- g) Bags should be provided. However, some cities and markets require that bags be sold, in order to encourage people to bring their own and cut down on waste. Check with the market manager for requirements for your market.

F. Growing Crops and Managing the Farm for Farmers' Markets

1. Growing mixed produce for farmers' markets can be extremely challenging. A large variety of products attract customers, and growers who offer a wide diversity of crops are often the most successful. For vegetable farmers, growing a wide diversity of crops can be challenging due to differing crop cultural requirements and equipment needs. The following are suggestions to help organize a farm to successfully grow a wide diversity for a farmers' market display –
 - a) Design the growing system to accommodate all of the possible crops. Have standard beds and spacing systems that accommodate all of the possible crops, even if spacing compromises have to be made on some of the crops. Often row spacing per bed can be relatively standardized, and plant density can be accomplished by adjusting in-row spacing. This allows use of standardized cultivation strategies.
 - b) Provide a diversity of varieties within crops. Tomatoes, peppers, winter squash, and tree fruits are all good examples of crops where this strategy can be used. Offering many varieties can greatly enhance consumer appeal without increasing labor requirements, as crop varieties often have similar cultural needs. Make sure popular crop varieties are always available (according to season).
 - c) Keep careful planting records by making maps of varieties as you plant

- d) For most crops, differences in appearance (color or shape) make the varieties easy enough to distinguish. For varieties that look the same, customers will need to be educated about differences in taste and texture or it will not be helpful from a marketing perspective.
2. Managing harvests for direct marketing (see Unit 3.6, CSA Harvest and Post-harvest Handling for more information)
 - a) Managing harvest for farmers' markets requires careful planning prior to each harvest. Harvest plans should show a grid of the crops to be harvested and the breakdown for each market. Harvest totals should then be tallied for each crop.
 - b) Harvest should be done in an efficient order starting in the morning with the most heat-perishable crops. Use of standard stackable containers is recommended in order to both quantify the amounts picked and to ease the movement of produce.
 - c) One or more people should be stationed in the packing shed once the first crops are harvested each day. This person is in charge of cleaning and packing the produce for the markets. In general, produce for farmers' markets can be packed into reusable plastic or wooden crates, as the empties can easily be returned to the harvest operation once the produce is stocked.
 - d) Any time packing can be accomplished in the field in a clean and neat way, labor will be saved. E.g., lettuce, greens, cole crops, and any bunching crop can be field packed.
 - e) It is important to stay abreast of food safety practices for harvest and post-harvest handling (e.g., boxes should not touch the ground)

G. Pricing Strategies

1. Establishing fair and reliable pricing strategies is essential for successful vending through farmers' markets. It is important to keep in mind there is a balance between covering your production costs with a fair profit, and the customer's willingness to pay.
2. The most important initial consideration is to know (as accurately as possible) the cost of production for each item. This is easier said than done, as it can be remarkably difficult to track exactly how many inputs and how much labor go into any particular crop. However, establishing record systems that give the most accurate idea of production costs for each item is important. Prices should then be set to at least cover these costs. Don't forget to account for shrinkage and other losses. Base yield expectations on long-term averages that include both good and bad crops, as this will give a more realistic picture of costs.
3. Another factor to use in pricing is to see what others are charging. However, you don't have to charge what your neighbor, or the grocery store, is charging as the quality of your products may differ significantly.
4. Provide a mark-up that covers the cost of either purchasing (where this is allowable) or growing a product, and then 30–50% for profit
5. Some farmers sell certain crops as "loss leaders" either at or below cost to attract customers, who then spend money buying other things that more than make up for the poor return on the loss leader. However, consistently undercutting other growers may lead to conflicts, and disrupt the market's general pricing structure. The farmers' market manager is in part responsible for minimizing competition and preventing "price wars." Growers and market managers should work to ensure that everyone receives close to retail or premium prices.

H. Advertising and Customer Communication

(See also Unit 5.0, Marketing Basics, and Unit 6.1, Building Community with Social Media and On-Farm Events)

1. Advertising is an art as much as it is a science. On farms the profit margins are often slim, and it seems that there is always something to spend meager profits on that is more important than buying ad space. However, effective advertising and consumer awareness are key to maintaining and improving sales. Free and low-cost methods of advertising should be used as much as possible, and paid advertising should also be considered.
2. Writing a newsletter for customers can be a great way to communicate with them. Farmers' market organizations and individual vendors should consider providing a newsletter. Use newsletters to tell people about the farm or market, and how to store, preserve, and prepare local produce. Provide recipe ideas, and highlight special events and crop availability. Different farms and markets publish newsletters on seasonal, monthly, biweekly, and weekly schedules.
3. Providing recipes at the market, particularly for less common crops, can give people ideas on how to cook vegetables and thus increase sales
4. The internet is an important marketing tool. Farmers' market organizations and individual vendors should consider a basic web site that provides background information
 - a) Content—Provide farm, crop, seasonal information, and directions to the farmers' market. A web page should be linked with local farming nonprofits and related food groups. The web can also be used in more savvy ways to allow pre-ordering of produce by customers, web-based bill paying, and sales of vendor products by mail order.
5. Providing samples of your produce (see *Growing for Market 2009*, and *Woods and Hileman 2012* for more information)
 - a) Samples can be a great way to attract customers and generate interest in new items. They not only help a customer decide on quality and taste, they also initiate an important relationship between the grower and customer.
 - b) At most markets, cut samples are only allowed if kept under cover and served with toothpicks. However, giving whole items such as fruit or vegetables like tomatoes can circumvent rules for cut products, and still provide customers with good sample of your produce.
 - c) Rules about samples vary by state and even by market. Ask the market manager about rules. If none exist, follow good safety practices to both keep customers safe and build their confidence.

I. Money Management and Customer Service at the Farmers' Market

1. Money management – Cash
 - a) Vendors should have a money management system when helping customers at markets. Some farmers prefer money pouches so that they can move around the booth and make change for anyone on the spot. This also helps prevent theft attempts. Other farmers use a money box, which can help organize coins in addition to providing a place to store sign-making supplies and calculators.
 - b) Be sure that financial transactions can be made efficiently. Price items so that they can be added up quickly in your head and bunch group items so that they add up to even sums. Keep a calculator as part of your farmers market supplies.
 - c) Vouchers
 - i. The Farmers' Market Nutrition Program (FMNP) is a federal program providing a benefit to low income families (Women, Infants and Children – WIC) and seniors (Seniors Farmers Market Nutrition Program). The benefit can be between \$20 and \$50 a year (depending on the state) in vouchers to purchase fresh fruits, vegetables

herbs, and honey at farmers' markets. How this process works differs by state and sometimes by rules at a particular market. Check with the market manager to see if these are accepted, and how they are handled (see USDA 2012 below for more information).

- ii. To get a list of information by state, see: www.nafmnp.org/state-programs
 - iii. To get information for California farmers' markets, see: www.cdfa.ca.gov/SeniorFarmersMrktNutritionPrgm/
2. Electronic Sources (see Growing for Market, 2009. *Selling at Farmers Markets: Ideas and Information To Make Your Venture a Success* in References & Resources for more information)
- a) SNAP Benefits (previously known as food stamps)
 - i. SNAP benefits are an important way to provide access to fresh fruits and vegetables for people experiencing a limited income. They also provide farmers with a broader customer base.
 - ii. These benefits are now primarily provided in an electronic format, meaning that to receive them a machine must be used. Some markets purchase or lease machines where benefit recipients can go and receive vouchers to use at the market. They require access to electricity and phone lines and are often expensive (though wireless machines are available but at a cost of \$800-\$1,000). Therefore, they are more likely to be used by a market than a vendor, though individual vendors can get their own. There are differing strategies for reimbursing the farmer when using the market-based EBT machine. One method is that the customer swipes the SNAP EBT card with the market and they are given tokens to purchase products from a vendor. Check with your market manager to see if this program exists and how it operates.
 - iii. Currently, smartphones and other handheld mobile devices generally cannot accept EBT, as they are not compliant with the required security measures for protecting customer information. Personal identification numbers (PIN) are required for each transaction. Currently only one company has developed software that FNS has allowed to be used at farmers' markets. It is likely that new software will be approved in the future for this purpose.
 - b) Credit and debit cards
 - i. Being able to accept credit and debit cards allows customers more ways to pay for your product. Having methods for accepting them has been shown to increase sales.
 - ii. There are several options for accepting credit and debit cards. If a market uses an EBT machine, they may be able to take customer credit/debit cards and reimburse individual vendors. Individual vendors can also purchase their own credit card terminals, or use apps available for smart phones and other wireless computer devices.
 - iii. Note that despite the advantage they provide, there are costs for accepting credit cards. Credit card companies generally charge a flat fee, and then a percentage of each sale. The extra charge cannot be funneled to the customer. Debit cards often charge a flat fee, and that fee can be charged to the customer.
 - c) Since technology changes quickly, visit the Farmers Market Coalition website for updates. The Coalition provides the latest news related to farmers' markets. See: farmersmarketcoalition.org/

Lecture 2: Roadside Farm Stands

A. Roadside Farm Stands

1. Roadside farm stands are usually operated on the farming location by a single farm operation. Some farms are able to devote their entire production to a single farm stand outlet, but in many cases farms operate a retail farm stand in addition to other marketing arrangements such as wholesale, farmers' markets, or community supported agriculture (CSA). Other variations include multiple farms cooperating to grow for a single stand and off-farm stand locations.
2. Many of the specific recommendations for running farmers' markets also apply to roadside stands and are outlined in Lecture 1, Farmers' Markets

B. Legal Considerations for Farm Stands

1. Before opening a farm stand you must determine that such agricultural retail ventures are compatible with county or city zoning
2. Liability insurance must be secured prior to opening a farm stand. Most farm insurance policies can be arranged to cover retail sales from the farm premises.
3. Most towns require health inspections and scale inspections for retail food operations. In California your scale has to be registered with the county's department of weights and measures; check your county listings for contact information.

C. Structures, Displays, and Infrastructure for Farm Stands

1. A farm stand's appearance is critical to successful marketing
 - a) Farm stands need to be both functional for the grower/vendor and inviting to the customer
 - b) Structures should be attractively designed to fit into the farmscape. If possible, production fields should be nearby in order to create the association of purchasing with agriculture and farming, as many Americans have an appreciation for farming and rural life.
 - c) Structures should be as attractive as possible. Using wood construction, flower gardens, and landscaping can make your stand into an appealing destination.
 - d) If at all possible, locate parking areas to the side of the stand. Vehicles and parking lots tend to be unattractive. Try to arrange things so that parking areas do not dominate the landscape.
 - e) Locate stands in such a way that product can easily be moved from the packing area to the retail area. If possible, design everything to be at the same level or with ramps so that product can be moved easily using two-wheel hand trucks, carts, and pallets. If packing doesn't occur near the stand, design a loading area and back room to accommodate back stock and deliveries.
 - f) Walk-in cooler storage is generally necessary for storing back stock. Insulated cold rooms and old refrigerated truck bodies can both be good options.
2. Creating attractive displays inside the farm stand is one of the most important factors in a successful farm stand venture. See Lecture 1 for produce display ideas.
3. Checkout systems at farm stands – Small stands often use self-serve money-box systems (sometimes called "honor tills"). This can work well provided customers are honest. Advantages are reduced labor costs for staffing the stand. Disadvantages are that there is no one to answer questions, assist customers, or watch and prevent theft. Larger-volume stands usually hire one or more people to stock and cashier.

D. “Purchasing-In” Produce and Value-Added Products

1. Some stands sell only produce and products grown or made on the farm. Many other farmers find that it is not economically sensible to grow all of the possible crops that ideally would be offered. Growers will therefore purchase additional produce and/or other products to supplement produce grown on the farm.
 - a) Example: Many small-scale farmers find it unprofitable to grow sweet corn on a small scale, but find that sales of other produce are compromised if sweet corn is not offered. In response, small-scale growers will often purchase fresh corn from other growers producing sweet corn at a larger scale and resell it at their farm stands.
2. When purchasing produce for resale, farm stand business owners must establish guidelines for sourcing products. Some local growers only purchase in certified organic or locally-produced products or both. Providing as much information as possible to stand consumers regarding the origin and growing practices is suggested, as many consumers now seek to support regional economic viability in agriculture.
3. Supplementing produce grown on the farm with other products can greatly enhance customer interest and therefore the economic viability of farm stands. E.g., bread, local honey, maple syrup, local milk, crafts, jams, pickles, etc., can expand the farm stand’s offerings. Some stands add a processing kitchen and make their own value-added products from farm produce (e.g., preserves), while others simply sell the products of other businesses. Another option is to rent space in a commercial processing kitchen in order to make value-added products for a farm stand.
 - a) Sales of product that is purchased and resold should be tracked and inventoried. For self-serve stands a weekly inventory of “grocery” type products can help keep track of sales categories. For staffed stands, a register system should be able to keep track of product sales by category.

E. Pricing Strategies

1. Establishing fair and reliable pricing strategies is essential for successful farm stand marketing
2. Defining costs of production – The most important initial consideration is to know (as accurately as possible) what your production costs are (see Lecture 1, Farmers’ Markets for more information)
3. Mark-up – Provide a mark-up that covers the cost of either purchasing-in or growing a product, and then 30–50% for profit
4. Some farmers sell certain crops as “loss leaders” either at or below cost in order to attract customers, who then spend money buying other things that make up for the poor return on the loss leader

F. Special Marketing Strategies

Using special marketing strategies can help enhance farm stand marketing efforts. Using the web, providing farm stand membership options, and using pick-your-own crops in conjunction with the usual farm stand offerings are all options that can be added to increase direct market sales.

1. The internet – The internet is an important marketing tool. At a minimum, establish a basic website that provides background information on the stand and farm, crops and seasonal information, hours of operation, and directions to the farm . A web page should be linked with local farming nonprofits and related food groups. Many local chamber of commerce or tourism departments are also listing “farm trail maps” to encourage agro-tourism. Contact your local chamber of commerce or state tourism agency to see if they have such a listing. The website can also be used to allow pre-ordering of produce by customers, web-based bill paying, and sales of farm stand products by mail order. See Unit 5.0, Marketing Basics, for more ideas on how to get started with setting up a basic website.
2. Farm stand memberships – Farm stand memberships integrate the economic support of a community supported agriculture (CSA) project with the freedom of food choices of farm stands. This arrangement offers the consumer more options than a traditional CSA, while still providing the farm with guaranteed sales and up-front operating capital. Like a CSA arrangement, farm stand memberships also offer the consumer a feeling of involvement with and support of the farm.
 - a) How farm stand memberships work: Like CSA, most farm stand memberships involve the member paying a lump sum to the farm in advance of the season. The member then has credit that can be used over the course of the season. In most cases a slight discount is provided compared to the retail prices normally paid by customers. A careful record-keeping system is needed in order to keep track of the memberships. Sending a regular newsletter to members can be a good way to remind people of the farm stand and encourage the use of the prepaid credit over the course of a season.
3. U-Pick operations – U-Pick operations for popular berry, fruit, and other crops such as beans, peas, and pumpkins can be a profitable undertaking. For this to work the pick-your-own operation fields ideally will be located near the farm stand, or there will be a way to get people parked, to the field, and back out to the stand to pay. Cart or hay rides can also be used to transport people to the field, particularly in the case of apples or pumpkins, when the picking trip is often as much of an outing for the customer as it is a way to harvest food. Sometimes a separate pay station is established in the field, but this is not as useful at encouraging customers to also buy other stand products before or after they pick.

G. Advertising and Customer Communication

1. Advertising is an art as much as it is a science. Advertising is very often a sound investment in your business, as consumer awareness is key to developing, maintaining, and improving sales. Free and low-cost methods of advertising should be used as much as possible, and paid advertising should also be considered. See Unit 5.0 and Unit 6.1 for more information.
2. Signage – Good street signage is perhaps the most important initial advertising consideration for a farm stand. Clear signs that state the farm’s name, along with specific product signs, can help get people into the parking lot. Before building signs, it is important to check with the town, as most towns have rules and restrictions about what size and type of signs can be installed. Types of signage include –
 - a) Trail blazing signs – These direct people from busy roads as appropriate. In many cases barns can provide a good space to install large signs with the farm’s logo.
 - b) Changeable chalk board or magnetic lettering signs – These can also be useful for grabbing the attention of drivers, particularly if they are updated regularly

3. Writing a newsletter for customers can be a great way to communicate. Use newsletters to tell people about the farm, how to store, preserve, and prepare seasonal produce, provide recipe ideas, and highlight special events and crop availability. Newsletters can be sent to farm stand members, e-mailed to a larger mailing list, and also provided to customers at the stand. Different farms publish newsletters seasonally, monthly, biweekly and weekly.
4. Providing recipes at the farm stand, particularly for less common crops, can give people ideas on how to cook vegetables and thus increase sales.

H. Off-Site Farm Stands

1. In some cases a farm is simply too remote from a busy road or population center to successfully support an on-farm stand. In other cases an off-farm stand can help reach a wider market of consumers. Some farms have lots of machinery, pesticide residue, or other concerns that preclude having an on-farm stand.
2. Off-site stands can be successful if arranged carefully. Produce transport is the biggest obstacle. In some cases additional duplicative infrastructure such as property and phones will be needed. This may make the start-up process more capital intensive and financially risky than an on-farm location. Nevertheless, location and convenience for the consumer are of key importance in the success of farm stands, so locating off-farm might be worth the inconvenience in the long run.

Resources & References

These resources are directly related to farmers' markets and roadside stands. Please see the direct marketing resources at the beginning of Unit 4 for additional materials.

BOOKS

Corum, Vance, Marcie Rosenzweig, and Eric Gibson. 2001. *The New Farmers' Market: Farm-Fresh Ideas for Producers, Managers and Communities*. Sustainable Agriculture Research and Education.

Provides extensive information in a clear, nuts-and-bolts manner. Contains invaluable insight and advice for both those selling at market, and those organizing them. It can be purchased from www.sare.org.

Ishee, Jeff. 1997. *Dynamic Farmers' Marketing: A Guide to Successfully Selling Your Farmers' Market Products*. Bittersweet Farmstead.

An informal book dedicated solely to the topic of selling at farmers' markets. Save two years of trial and error just by studying and implementing the tips found in this book.

Robinson, Jennifer Meta, and J. A. Hartenfeld. 2007. *The Farmers' Market Book: Growing Food, Cultivating Community*. Quarry Books.

The Farmers' Market Book examines this national phenomenon through the story of the market in Bloomington, Indiana, and considers the social, ecological, and economic power of farmers' markets generally.

Wills, Ron, Barry McGlasson and Doug Graham. 2007. *Post-Harvest: An Introduction to the Physiology and Handling of Fruit, Vegetables and Ornamentals, 4th Edition*. University of New South Wales Press.

A comprehensive post-harvest physiology text. Many useful charts and concepts for direct produce marketers to consider.

PERIODICALS

Growing for Market

www.growingformarket.com.

A very useful national monthly newsletter for direct market farmers. Covers production and marketing of vegetables and flowers. P.O. Box 3747, Lawrence, Kansas 66046. Phone: 785-748-0605, Fax: 785-748-0609.

E-mail: growing4market@earthlink.net

Small Farm News

www.sfc.ucdavis.edu/pubs/SFNews/news.htm

The Small Farm News is a quarterly publication of the UC Small Farm Center. The newsletter features farmer and farm advisor profiles, research articles, farm-related print and web resources, news items and a calendar of state, national and international events.

ARTICLES

Bachmann, Janet. 2008. *Farmers' Markets: Marketing and Business Guide*. ATTRA-NCAT.

www.attra.ncat.org/attra-pub/farmmarket.html

This document summarizes what it takes to start a farmers' market, as well as to participate in one. The final appendix list all the farmers' market associations by state, which is a useful reference for new farmers hoping to find a new market.

Briggs, Suzanne. 2012. *A Survey of Farmers Market SNAP Incentive Programs: Lessons, Challenges and Trends*. Farmers Market Coalition.

farmersmarketcoalition.org/resource/a-survey-of-farmers-market-snap-incentive-programs-lessons-challenges-and-trends/

California Certified Organic Farmers. 2012. *Organic Marketing 101: A Guide for Getting your Products to Market*. Santa Cruz, CA.

Provides an overview of the different options for farmers to market their organic products. It includes a section on farmers' markets.

Growing for Market, 2009. *Selling at Farmers' Markets: Ideas and Information to Make Your Venture a Success*. Fairplain Publications, Inc. www.growingformarket.com/downloads/20090706/download

This special report by Growing for Market offers basic advice for selling at the farmers' market, as well as more specific information such as how to price products, provide safety for customers and money, use credit and debit cards, how to make effective bouquets and strategies for food sampling.

Horwitz, Simca, and Jennifer Hashley. 2008. *Plain Language Guide to Selling at a Farmers Market*. New Entry Sustainable farming Project, Tufts University. Boston, MA. nesfp.nutrition.tufts.edu/downloads/guides/PL_FarmerMarket.pdf

A simplified presentation for farmers to learn about how to participate in a farmers market.

Jewett, Jane G., Beth Nelson, and Derrick Braaten. 2007. *Marketing Local Food*. Minnesota Institute for Sustainable Agriculture. www.misa.umn.edu/prod/groups/cfans/@pub/@cfans/@misa/documents/asset/cfans_asset_305240.pdf

This document has a case study of a farmstand operation, as well as other information about direct marketing enterprises.

MacNear, Randii, and Shelly G. Keller. 2012. *New Farmer's Guide: Cultivating Success at Farmers Markets*. Davis Farmers Market Association.

www.davisfarmersmarket.org/new-farmers-guide
A thorough guide for a new farmer to access and sell at farmers markets. Though aimed at CA growers, it is a very useful document.

USDA. 2012. *Senior Farmers' Market Nutrition Program*.

www.fns.usda.gov/wic/SFMNP-Fact-Sheet.pdf
Describes background and the basics of the nutrition program vouchers for seniors.

USDA Food and Nutrition Service. 2014. *Supplemental Nutrition Assistance Program. Learn how you can accept SNAP benefits at Farmers' Markets*.

www.fns.usda.gov/snap/ebt/fm.htm

Woods, Timothy, and Miranda Hileman. 2012. *Best Practices for Sampling at Farmers Markets: A Practical Guide for Farmers Market Vendors*. Agricultural Economics—Extension Publication No. 2012-19. Department of Agricultural Economics. University of Kentucky. www.ca.uky.edu/cmsspubsclass/files/extensionpubs/2012-19.pdf

WEB-BASED RESOURCES

California Federation of Certified Farmer's Markets

www.cafarmersmarkets.com

An information clearinghouse on certified farmers' markets in California. Includes comprehensive information on certified farmers' markets; links to locate farmers' markets in a given area; product-specific listings of associations and organizations; links to information on agriculture and trade policy, and much more. The California Federation of Certified Farmer's Markets is a statewide non-profit membership organization of California Certified Farmers' Markets.

California Department of Food and Agriculture Regulations

www.cdffa.ca.gov/cdfa/pendingregs

California Department of Food and Agriculture Regulations (CDFAR) is a California state agricultural agency with divisions of Animal Health & Food Safety Services; Fairs and Expositions; Inspection Services; Marketing Services; Measurement Standards; and Plant Health and Pest Prevention Services. The web site contains links to the services and programs of the above agencies as well as links to county agricultural commissioners and official statements and policies of the USDA, FDA, and CDFAR on current events in agriculture.

Farmers Market Coalition

farmersmarketcoalition.org

Provides current news, updates, and very relevant resources and articles to those participating in farmers' markets, with a national focus.

Farmers' Market Manager Resource Center

www.wvu.edu/~agexten/farmman2/managers.htm

Many resources for promoting fruits and vegetables. Farmers' Market Coloring Book. Courtesy of USDA.

Farmers' Market Resources for Vendors

www.wvu.edu/~agexten/farmman2/frmmrktres.htm

Information on diversifying your products, new crops growing tips, and seed sources, organic certification, and more.

Maine Federation of Farmers' Markets

www.maine farmers markets.org/

A nice site with lots of links to markets and market resources.

Direct Marketing to Restaurants and Retail Outlets

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Lecture 1: Direct Marketing to Restaurants & Retail Outlets

(Adapted from: Organic Marketing 101, 2012; Roos, 2010; Iowa State University Extension, 2008; Bauchmann, 2004; Wisconsin Local Food Marketing Guide, 2008; Feenstra et al., 2003; and Green, 1999)

A. Overview

1. Selling to restaurants and retail establishments is not necessarily direct to consumer marketing. It is considered intermediate marketing—where the farmer is selling to a specific buyer who will re-sell the product. However, selling to restaurants and retail establishments is direct in the sense that the farmer needs to have personal relationships with the buyer, who is an end user, and market themselves more actively than with a distributor or wholesaler.
2. Marketing to restaurants and marketing to retail outlets have many things in common, including conducting research, initiating and maintaining good relationships with the chef/buyer, and careful crop planning to meet the quality, reliability, and consistency needed to serve these markets

B. Related Trends

1. The use of locally-produced, seasonal, and certified organic produce and food products is growing in popularity among chefs and high-end restaurants. Examples: Chez Panisse Restaurant and Café in Berkeley, California; Greens Restaurant in San Francisco, California; L'Etoile in Madison, Wisconsin.
2. Reasons chefs and restaurants are buying directly from farmers
 - a) Perceived quality and freshness of the foods
 - b) Good relationships with the producers
 - c) Customer requests for local products
 - d) The availability of unique or specialty varieties of produce and/or products

C. Advantages of Direct-to-Restaurant Sales

1. Higher return on products sold may lead to increased income for growers
2. Developing relationships with local businesses
3. Selling directly to local chefs/restaurants is among the alternative marketing opportunities that may help to build a diverse, stable regional food economy, and encourage a more sustainable food and agriculture system

D. Challenges of Direct-to-Restaurant Sales

1. Distribution and delivery can be challenging for chefs and growers. Chefs often find that availability, variety, and timeliness of delivery are obstacles to purchasing locally grown foods. Getting the right product in the right quantity at the right time is key to developing and maintaining successful direct-to-restaurant marketing relationships.
2. Limited seasonal availability and variety are also barriers to using local foods. The use of season extension (such as greenhouses) is a way that growers can supply the necessary products that restaurants desire.
3. Often involves low volume and frequent sales of the highest quality produce, which may involve extensive delivery demands and associated costs

4. For small-scale growers attempting to sell to large restaurants, supplying adequate volume can pose greater challenges for direct marketing. Collaborating with other growers and crop planning with the restaurants are ways to address issues of supplying adequate volume.
5. High turnover and the loss of accounts may occur. A chef with whom one had developed a strong relationship may move on and accounts may be lost.
6. A restaurant may close or tight finances at a restaurant may result in late payments
7. Product packaging, labeling, and processing facilities to meet state and national health and safety regulations may require additional capital expenditures on the part of the grower(s). Working with other growers may offset the necessary recapitalization costs. Be sure to keep current with packaging and labeling laws. Labels must contain farm name, location, unit amount, country of origin, and certifying agency for certified organic products.

E. Research Potential Stores and Restaurants

1. Review the following questions to determine which stores and restaurants are right for your business:
 - a) Who are the clientele? Do you appear to share a similar philosophy as the establishment? Who are the people you need to talk to? What is a good time to reach them to set up an appointment?
 - b) Restaurants
 - i. Have a meal there. What is on the menu? Are local food or farms promoted? Are foods offered seasonally or year round? What are the signature features of the restaurant? Identify who the owner is, the chef, the managers, etc.
 - c) Retail
 - i. What does the produce section look like? Is it inviting? Will your product fit? How is the produce handled?
 - ii. In smaller stores, the person to contact is often the produce manager. But in larger stores it can be a regional buyer. Be sure to identify who buys for the prepared food department.

F. Making Contact

1. Contact the appropriate person—the chef or person in charge of food procurement. Find out a good time to meet with them to discuss the possibility of selling your product to them. The first communication and first contact are extremely important.
 - a) Restaurants: Never call them during meal service (check on service hours before calling)
2. Be prepared for the first meeting with the chef or buyer
 - a) Come prepared with the following questions—
 - i. What are your aesthetic expectations for produce? (For the chef, they may process your produce in such a way that the presentation isn't as important as it otherwise might be. For retail buyers, aesthetics can be very important, but may vary in importance depending on the customer base.)
 - ii. Delivery: Do you have delivery hours? Who is in charge of taking deliveries? Where do you take deliveries?
 - iii. Ordering: When are the best days and hours for placing orders? Is there a cut-off time? Is it helpful to send in a list of what is available via phone, email, fax? Do I need to contact someone in particular?
 - iv. Packaging: Do you have packaging standards? How would you like the produce packaged? Do you use returnable plastic containers (RPC's)?
 - v. Communication: What is your preferred method of communication on an ongoing basis: email? Phone? Fax? And how often?

- vi. What are your payment terms? (Net 30, 60 days, etc.)
- vii. What is your preferred frequency of delivery and how flexible with deliveries can you be?
- viii. Specifically for chefs
 - What storage capacity and options do you have at your kitchen? What size delivery do you prefer and with what frequency?
 - What are your size and quality preferences for your kitchen?
 - Would you accept a substitute if a product is not available? If so, what might be an acceptable substitute for another?
 - Do you offer a seasonal menu or do you need the same products year-round?
 - Are you willing to pick up product from a farmers' market?
 - Do you want the product pre-washed? Trimmed? Bunched or loose?
- b) Things to bring with you
 - i. The “story” of you farm (i.e., where the farm is located; the history of the farm; the type of operation; farming practices; who is involved in the farm, etc.). Stories and “memorable moments” are great to plan ahead of time and share. Bring photographs of the farm or ranch to share or any promotional materials you may have.
 - ii. Samples: Make sure there is enough to share with others, such as the produce department staff at a retail establishment
 - iii. A list of the products you will have for sale for the season or year, in what units (by pound, bunch, etc.), how much, and when (see Wisconsin Local Food Marketing Guide 2008, p 168 in General Marketing Resources for a sample schedule)
 - iv. Pricing: Know what it is you hope to get. It is not useful to ask the chef or buyer what they are willing to pay. If possible, know the cost of production for your crops and have a price in mind. It will make negotiations stronger.
 - Retail: It is also useful to do research on both wholesale and other retail prices for products similar to yours
 - v. Retail: Bring a copy of your organic certificate and be sure to put your organic certificate number and state organic program registration number (for California) on your availability list

G. Maintaining Good Relationships With a Chef/Buyer

1. Being reliable and professional is key to selling to restaurants and retail establishments
 - a) Consider getting agreements in writing. This is the best way to ensure you both are clear about what is expected from each other. Be sure agreements cover the price, quantity or product per week, size and other packaging requirements, standards for quality, ordering and delivery plans/schedule, and any other requirements discussed.
 - b) Be consistent about making contact at an agreed-on time every week to find out what they need (never during dinner service!)
 - c) Don't commit to provide something until you are sure you can follow through
2. Notify the restaurant as soon as possible if there are shortages in what was ordered or if the delivery will be earlier or later than scheduled
3. Provide advance notice about what is available. Find out the best timing for doing so.
4. Schedule a winter visit to do crop planning with chef/buyer. See what crops they need and are interested in—be flexible about what you might plant for them.
5. Be professional and consistent with your paperwork. Your invoice/bill of lading should include the buyer's name and address as well as your farm's name and address, the amount of product delivered, the price, the total due, and the terms of payment. Both you and the receiving party should sign the invoice—an unsigned invoice can mean an unpaid invoice.

6. Restaurants
 - a) Give chefs a wholesale break at the farmers' market if they run short
 - b) Try to grow something unique for a given restaurant
 - c) When you have a business meeting, hold it at one of your client's restaurants
7. These relationships aren't built overnight—it may take a few years to develop them fully. It takes time to learn preferences, plan crops and harvesting techniques.

H. Ongoing Activities

1. Grow more than you think you need so you can select the best produce
2. Keep up-to-date on food trends
3. Grow high quality product. Quality is more important than yield.

I. Case Studies

1. Bauchmann, 2004, provides four case studies on direct sales to restaurants. See: attra.ncat.org/attra-pub/summaries/summary.php?pub=266
2. Nalo Farms: Servicing high-end restaurants. Western Profiles of Innovative Agricultural Marketing: Examples from Direct Farm Marketing and Agri-Tourism Enterprises. See: ag.arizona.edu/arec/wemc/westernprofiles/westernprofilesbookweb.pdf

Resources & References

PUBLICATIONS

Bachmann, Janet. 2004. *Selling to Restaurants: Business and Marketing*. ATTRA Publication #IP255. National Agricultural Information Service (ATTRA). attra.ncat.org/attra-pub/summaries/summary.php?pub=266

Provides a concise overview of the marketing opportunities and challenges faced in selling produce to chefs at high-end restaurants. Includes multiple case studies and related resources for direct marketing. Available online in html and pdf format: www.attra.org/marketing.html.

California Certified Organic Farmers. 2012. *Organic Marketing 101: A Guide for Getting your Products to Market*. 2012. Santa Cruz, CA.

Provides an overview of the different options for farmers to market their organic products. It includes a section on restaurants and retail.

Feenstra, Gail, Jeri Ohmart, and David Chaney. 2003. *Selling Directly to Restaurants and Retailers*. University of California Sustainable Agriculture Research and Education Program. www.sarep.ucdavis.edu/cdpp/selldirect.pdf.

Derived from a discussion with over 50 growers and agricultural professionals gathered at the 2002 California Farm Conference to discuss marketing to restaurants and retailers. This concise (5 page) publication outlines the participants' responses to a series of practical questions about how to develop and maintain direct market sales to restaurants and retailers. Addresses the following: Whom to first talk with when attempting to develop a new marketing relationship with a restaurant; what are the main talking points to make in your first contact; what research to do before approaching a restaurant contact; and how to maintain good standing with buyers.

Green, Diane. 1999. *Selling Produce to Restaurants: A Marketing Guide for Small Acreage Growers*. Sandpoint, ID: Green Tree Naturals.

A concise guide to direct marketing to restaurants for small-scale growers. Includes chapters on: selecting restaurants; what to grow;

deliveries and sales; working with caterers; working with other growers; market surveying; and sample letters to use for approaching restaurants. Available from: www.greentreenaturals.com.

Iowa State University Extension. 2008. *Local Food Connections: From Farms to Restaurants*. ISU Extension. www.extension.iastate.edu/Publications/PM1853B.pdf

A concise 4-page publication outlining the marketing opportunities with restaurants. Addresses the following: market size and opportunity; restaurant expectations; seasonality and the availability of produce; produce volumes; packaging and labeling; orders and payments; marketing strategies; doing necessary research; preparing to meet with chefs/buyers; making commitments; working with non-profits and cooperatives to market products to restaurants.

Roos, Debbie. 2010. *Marketing to Restaurants*. North Carolina State University Cooperative Extension. growingmallfarms.ces.ncsu.edu/growingmallfarms-marketingrestaurants/

PERIODICALS

Growing for Market

www.growingformarket.com

A very useful national monthly newsletter for direct market farmers. Covers production and marketing of vegetables and flowers. P.O. Box 3747, Lawrence, Kansas 66046. Phone: 785-748-0605, Fax: 785-748-0609. E-mail: growing4market@earthlink.net.

Marketing Your Produce

A compilation of the best marketing articles that appeared in Growing For Market, 1992-1995. Chapters include information on specialty produce, selling to restaurants and/or supermarkets, farmers' markets, CSAs, and expanding your market. Ends with a list of recommended books. See ordering information, above.

Additional Marketing Options

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Lecture 1: Additional Marketing Options

A. Overview

There are several other marketing strategies that can be used as a primary way to sell your products, or as a strategy to diversify your income. This lecture reviews the direct marketing opportunities available through faith communities, and through agritourism and eCommerce. Intermediate marketing strategies of farm-to-institution, collaborative ventures, and food hubs are also introduced.

B. Faith Based Options

1. Faith-based groups represent another opportunity for marketing crops to consumers and institutions
 - a) Farmers can establish a CSA relationship with a congregation or set up a farm stand to coincide with regularly scheduled religious services or religious school
 - b) Congregations represent organized communities that meet regularly and have basic infrastructure for a CSA drop
 - c) Congregations may want to have the drop serve only their members, or they may be open to having the larger community pick-up at their site (e.g., church grounds)
 - d) Staff or parents of religious schools and camps can also be the customer base for a CSA
 - e) Farmers seeking to set up a relationship with a local congregation can start by contacting the lay leaders or relevant committees or “ministries.” These might include the health ministry, social action committee, or environmental committee. Alternatively, working with an enthusiastic congregant to approach the board, professional clergy, or administrative staff can be an effective first step.
2. All of the major religious groups in the U.S. have teachings on values related to food
 - a) The motivation for faith-based groups and their members to purchase local, sustainable and/or organically grown produce may go beyond environmental and health concerns to reflect religious precepts and values
 - b) Different faith traditions talk about “creation care,” “stewardship of God’s creation,” and “reverence for life.” Congregations have implemented recycling, composting, energy conservation and, to a lesser degree, policies emphasizing consumption of local and sustainably grown produce.
 - c) Many faith-based groups are focused on hunger relief and social justice
 - d) Some congregations have members pay a few dollars extra for their weekly shares and use the extra money to subsidize low-cost shares for needy members of their community
 - e) A farm connected to a religious congregation can host members for farm tours and in some cases festivals or religious ceremonies
3. Buying locally provides faith groups an opportunity to put their values into practice
 - a) Several national religious groups including HAZON, a Jewish group, and National Catholic Rural Life have promoted CSA projects and consuming locally grown food
 - b) This movement for “Congregational Supported Agriculture” has grown over the last several years (see Supplement: Case Study of a Faith-Based Community’s Relationship with a Community Supported Agriculture (CSA) Farm)
 - c) Schools and camps affiliated with religious movements may have a strong mission-related interest in promoting stewardship values
4. Faith-based groups run schools, retreat centers and camps that can purchase farm products

- a) Faith-based schools, retreat centers, and camps can purchase directly from a farmer
- b) Some of these institutions will not have the same low-cost requirements for food purchases that some public schools and camps have
- c) Some congregations, schools, and camps with excess land lease it to a farmer for production. This can be marketed on-site and to the broader community (see Unit 9.0, Land Tenure Options and Strategies, for information on leasing land).

C. Agritourism

Adapted from: Jewett, J.G., B. Nelson and D. Braaten. 2007; Comen and Foster's (n.d.) ; see also Unit 6.1, Building Community with Social Media and On-Farm Events

1. What is Agritourism?
 - a) Agritourism can take many forms, but generally includes entertainment, educational or tourism-based activities that take place on the farm
 - b) Examples: harvest festivals, barn dances, petting zoo, outdoor recreational activities (camping, hiking, canoeing, mountain biking, etc.), u-pick operations, school and educational activities or tours, classes (food preparation, floral arranging, etc.). (There are extensive lists in George and Rilla, 2011.)
2. Reasons for creating an agritourism operation
 - a) You enjoy community contact and connection
 - b) It can potentially provide another income opportunity, as well as keep family members working on the farm
 - c) The farm can be more involved in community activities
 - d) Agritourism allows for creative expression
3. Potential drawbacks
 - a) This effort requires extensive community contact
 - b) Requires meeting more local and state regulations; having more insurance
 - c) The agritourism venture may not particularly amplify the farming venture. One study showed that as the agritourism portion of the farm increased, the farming enterprises did not necessarily grow in tandem (see Comen and Fosters, n.d.)
 - d) An agritourism effort can demand constant attention, and limit privacy
 - e) Having the public on the farm increases liability concerns
4. Connecting with customers
 - a) A good website is key and probably the easiest way for a beginning farmer to connect with customers. See Unit 5.0 and Unit 6.1 for more about creating a website and other social media outlets for your farm.
5. Getting started—things to explore
 - a) What is your motivation for doing an agritourism project? Are you looking to improve profits/meet the bottom line? Have a way for other family members to stay on the farm (not look for outside work)? Provide a service to the community? Build your connection to new and continuing consumers?
 - b) What does your farm and local area have to offer? What assets can you build on? Is there a lake on the property for canoeing? Other local historical activities that you could connect with and contribute to?
 - c) Location: Where you are located in relation to population centers has an impact on what you can do. Farms that are farther away might best support a bed-and-breakfast operation, where people are willing to drive to it. If the farm is closer to a town or city, it could be more conducive for offering classes to school-aged youth or the community in general.

- d) Talk to other farmers who are doing agritourism operations – Learn what the pitfalls are, how much time it takes to implement and manage these operations, how to do things successfully, and potentially find ways to work cooperatively.
 - e) Think about how much time you want to or are able to devote to different efforts. Hold a yearly barn dance or harvest festival to contain most of the activity to a point in time? Have an archery range that is open every week?
 - f) Explore local and state ordinances for the activities you are considering
 - g) Think about a risk management plan for having people on the farm—what will you do if someone gets hurt?
 - h) Ensure you get appropriate insurance coverage
6. Elements of successful operations – Comen and Foster’s (n.d.) research identifies a list of traits for successful agritourism enterprises, both from the literature and interviews/site visits
- a) Location – It is helpful to have a farm that is located on main travel corridors or driving routes. Having a farm that is close to other types of attractions will also encourage more visitors.
 - b) Financial analysis – It is important to track expenses and sales for each enterprise or activity, and to know what the break-even point is
 - i. Understanding the customer and their needs/interests – Understand what the customer is looking for, and adapt where it makes sense to do so. Get information through market research and listen to the customer while they are at the farm.
 - ii. See Jolly and Reynolds (2005) for study results of California consumer interest in agritourism
 - c) Strong community connection – Having this connection provides a customer base, and particularly one that can spread interest by word-of-mouth. It also allows for relationships to develop for continued market research feedback. Connecting with tourism groups, cooperative extension, and local officials who are interested in supporting tourism can be a great support.
 - d) Adding value to products – Including sale of products, such as processed foods grown on site or from nearby, can be another way to meet customer needs and get repeat sales
 - e) Product development – Those that listened to their customers, either through direct interaction, feedback from staff interaction, or information from market studies, were the most successful. This allowed farmers to tell their story to customers in a way that addressed customer interests and was based on the farm’s primary assets.
 - f) Strong social skills – These skills are needed for maintaining regular customer relations throughout the visit to the farm. It includes having relationship skills that help a bond develop, and to navigate issues that arise.
 - g) Role of the family – Family support (partners or multiple generations) was helpful to move an enterprise from a small to mid-sized operation
 - h) Continuous learning – A key component of success was a passion for continual learning. This learning could happen in a variety of ways, from market research, reading books or trade magazines, visiting other operations, attending workshops or conferences, or hiring consultants where necessary, etc.

D. Establishing an eCommerce Site

1. What is an eCommerce site?
 - a) An eCommerce site is where products can be sold and bought over the internet
 - b) This strategy can be a useful additional marketing strategy for farmers—it can help find new customers and better serve some existing ones

2. Advantages
 - a) Extends your reach to people who are not in your region – Could be good for growers in more isolated regions
 - b) Extends your reach to a broad customer base – Anyone who is on the web
 - c) Fewer needs for physical infrastructure
 - d) Hours worked can be more flexible – Filling orders from online communication can be done outside regular work hours
3. Potential issues or disadvantages
 - a) Inventory (volume) – It may be difficult to anticipate sales volumes and in turn maintain freshness of your produce
 - b) Security issues with online transactions
 - c) Packaging issues – Both expense and some customers won't find it sustainable. Will you transport products long distances? What is the shelf life of your product and will it sustain transport?
 - d) Shipping costs/fuel costs escalating and likely to continue doing so
4. Connecting with customers
 - a) A good website is key and probably the easiest way for a beginning farmer to connect with customers. See Unit 5.0 and Unit 6.1 for more about putting together a web page.
 - b) Social media – Use Facebook, Instagram, Twitter, and other social media to post pictures of your latest crops. This is a cheap and easy way to share photos of your latest harvest or share about your farming methods with your customers. See Unit 5.0 and Unit 6.1 for more information about using social media to promote your farm.
 - c) Connect with local farming or environmental organizations to help publicize your service and target desired customers base.
5. Unique issues selling food online
 - a) Customers can't see, touch, or taste it, potentially making purchasing decisions more difficult. To address these issues, try the following:
 - i. Photography is key for communicating the qualities of your products—such as their freshness and appeal. It can be difficult to take good photos of food. If the pictures are unappetizing, they do not help you. See www.photography.com/articles/techniques/how-to-take-pictures-of-food/
 - Ensure photos are clear and in focus
 - Focus on getting the texture that you want to accentuate. This might be the smooth skin of a plum, or textured surface on a head of broccoli.
 - Have the background be a contrasting color, so the product you are selling pops out
 - Take the pictures close up
 - The food needs to show shadow for it to look three dimensional. Play with lighting to get this effect, and to see how the food looks best. Sometime having light come from behind can create an interesting glow.
 - ii. Good product descriptions are another key component. It is important to both entice the customer, but also provide them with clear and accurate information so they are ultimately satisfied with what they get. This will help avoid returns of products and increase repeat sales.
 - Include everything your customer might want to know about the product. This will avoid returns and decrease up-front questions.
 - Describe the qualities of the product(s) that will resonate with your customer base (organic, free-range, etc.)
 - Ensure the content is easy to read

6. Design your website

- a) You don't need to become a web design expert to have a professional-looking website. You can design your website using templates through a website design service such as shopify or big commerce. These are relatively low cost services that provide basic designs to help you get started with a basic website and ecommerce space.
 - i. www.shopify.com
 - ii. www.bigcommerce.com
- b) The main way to take orders and payment is through your website
 - i. Connect to Paypal or other such exchange sites for taking payments
- c) Use an intermediary site to sell your products
 - i. Local Harvest – A site listing farms that sell their products directly, also takes orders for individual farmers to sell their products through mail order: www.localharvest.org
 - ii. Local Direct is another site that both connects consumers to farms, and provides online ordering of products by individual farmers: www.localdirt.com

7. Other things to consider

- a) Packaging
 - i. What to use to ship your products? Perishable produce and glass jars need special handling. Additionally, the organic consumer may be more likely to be conscious of not using larger amounts of packaging materials.
 - ii. Refrigeration – Will your product need to be kept at a certain temperature during transport?
- b) Shipping – Who to use? How will customers receive your product? Pick up at a designated location or will you ship directly to address provided?
- c) Tracking orders – What process will you use to ensure orders are shipped?
- d) Customer service
 - i. Customer satisfaction is vital for an online operation. How will you respond to complaints or returns?
 - ii. Include video or written testimonials on your website if possible

8. Case Examples

- a) Annie's Jellies and Jams: agmarketing.extension.psu.edu/begfrmrs/OptStratSmlFrms/UseInternetMrktProd/AnnieJam.pdf
- b) Papa Geno's Herb Farm: agmarketing.extension.psu.edu/begfrmrs/OptStratSmlFrms/UseInternetMrktProd/PapaGenoHerbFrm.pdf
- c) Upland Cheese Company: agmarketing.extension.psu.edu/begfrmrs/OptStratSmlFrms/UseInternetMrktProd/UplandsCheeseCo.pdf
- d) Diversified horticulture internet sales: www.extension.org/pages/59443/video-clip:-internet-sales-from-farmers-and-their-diversified-horticultural-marketing-strategies
- e) Lodging at the Broodio
See: Jewett, J.G., B. Nelson and D. Braaten. 2007, p. 40-43: www.misa.umn.edu/prod/groups/cfans/@pub/@cfans/@misa/documents/asset/cfans_asset_305240.pdf
- f) Nordic Ridge Gardens
See: Jewett, J.G., B. Nelson and D. Braaten. 2007, p. 40-43: http://www.misa.umn.edu/prod/groups/cfans/@pub/@cfans/@misa/documents/asset/cfans_asset_305240.pdf

E. Intermediate Marketing: Farm-to-Institution, Food Hubs, and Other Collaborative Ventures

1. What is intermediate marketing?
 - a) It is usually defined as selling to someone who is not the end user (consumer)
 - b) This includes selling to distributors, wholesalers, grower-shipper-packers (all discussed in Unit 2.0, Overview of Produce Marketing). It can also include selling to restaurants and grocery stores (discussed in Unit 4.2).
 - c) This section outlines other alternative intermediate sales venues that may be of value to beginning farmers, particularly those who want to focus on selling locally or regionally. They are intermediate in that they do not focus on selling to the ultimate customer, but they may involve more work in the marketing activities than selling to a wholesaler. These include institutional sales, cooperatives, and food hubs.
2. Farm to Institution (Jewett et al. 2007)
 - a) Institutional buyers include schools, colleges, hospitals, prisons, government, and enterprise dining facilities (e.g., concessions in government buildings and/or Google) and nursing homes
 - b) Institutional food service director needs can be very different, and they purchase food in different manners. Some smaller institutions may serve 1,000 meals a week and may be willing to contract with farmers individually to purchase their products. Others may serve 20,000 or 30,000 meals a week, and get their food through a broadline supplier or secondary produce supplier. Some institutions operate through a food service management company that maintains contracts with broadline and secondary suppliers that you could work with.
 - c) Find out who does the purchasing (food service director or someone at the food service management company), and in what manner, and plan your pitch accordingly. It may require working through the food service management company. If the institution is self operated (i.e., does not contract out its food service operation) then reaching out directly to dining leadership and their food buyer would be necessary.
 - d) Institutions such as schools or colleges may support buying locally for a number of reasons—this may be a good place to start when exploring institutional markets
 - e) Since institutions often need large amounts of product, smaller scale and new farms may benefit by working with other farmers to offer a larger supply. Working through a cooperative venture or food hub (see below) can help.
 - i. Selling direct to institutional markets might make more sense for beginning farmers in their 3rd or 4th year of operation than in their first couple of years.
 - f) Considerations for working with institutions
 - i. Institutions purchase produce year round, and thus farmers can work towards having product available throughout the growing season
 - ii. Institutions, such as schools and hospitals, often have minimal facilities and limited number of food preparations staff, so farmers also need to provide produce in a manner that is easy to process and serve
 - iii. Prices for products will likely be at wholesale
 - iv. Institutional buyers will likely require liability insurance. Requirements will differ depending on the products sold and to whom; e.g., public institutions often have specific requirements. Liability insurance working with institutions can range from one to five million dollars for procurement policy expectations.

3. Cooperative Ventures (Jewett et al 2007)
 - a) Collaborative marketing models are a way for small-scale farmers to broaden their customer base by collectively providing larger amounts of product to serve large-scale buyers. While wholesalers and others may play this role in many established venues, local and regional markets are one place where cooperative models may find opportunity and provide value.
 - b) Farmer's cooperatives, a more well-known form of collaboration, often involve some or all of these activities: aggregating, processing, distributing, and marketing
 - i. Cooperatives are user owned and controlled by the members. Thus, running these cooperatives involves farmers owning and running the marketing/distribution business themselves. It takes a large time commitment to make them work.
 - ii. Examples:
 - New North Florida Cooperative: foodshedguide.org/cases/new-north-florida-cooperative
 - c) For details on how to start a cooperative, see King and DiGiacomo, 2000
 - d) A few, or several, farmers collaboratively joining forces to distribute and market their products, without the formal structure of a cooperative, is another strategy
 - i. This type of venture could include aggregating product to sell to a wholesaler, running a multi-farm CSA, or operating a farmer-run processing facility
 - ii. For more details about starting and operating a collaborative arrangement, see Ochterski 2012
 - e) Non-profit ventures provide another model in developing marketing efforts that serve a group of farmers. They don't necessarily require farmers to contribute up-front time and capital. However, the farmers may not have much control over their operations either.
 - i. Examples:
 - Heartland Food Network: www.mnproject.org/food-heartland.html
 - Pride of the Prairie: www.prideoftheprairie.org
 - f) Public agencies are another group that can create a marketing effort in support of farmers. As with non-profits, farmers have little to risk up front, but then they may not have much control over the efforts' direction.
 - i. Examples:
 - Northwestern Minnesota Local Food Partnership: www.localfoods.umn.edu/
 - Superior Grown: www.nffi.net/superiorgrown/index.htm
4. Food Hubs (see Barnham et al. 2012)
 - a) There are various definitions for food hubs
 - i. The National Food Hub Collaboration defines food hubs as follows: "A regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand."
 - b) Food hubs are not defined by a specific business structure, but more by how they function and their values
 - i. Values – These organizations often aim to serve small and mid-scale farms, work closely with farmers to ensure the success of the whole operation, focus on sustainable practices, and aim to have positive impacts on their communities (such as selling in underserved neighborhoods)

- ii. Functions – Food hubs tend to a variety of the following
 - Aggregate crops from a variety of farms to distribute to larger buyers
 - Provide a facility or warehouse that may store food before being shipped or picked up from buyers
 - Conduct light processing
 - Provide space for growers to do their own processing/value-added production
 - Packaging or re-packing
 - Branding and promotion of products
 - Own or lease trucks to do their own distribution
 - Some may not have a facility, but work with other established businesses that can provide storage, processing or distribution services
- c) Food hubs offer small-scale farmers another avenue to increase sales by selling to wholesale, institutional, or other larger markets, where it would be impossible to serve these markets otherwise. Food hubs may also help small-scale farms in a variety of manners.
 - i. Providing or brokering technical assistance on items such as season extension, sustainable practices, production planning
 - ii. Providing information on product differentiation, identity preservation, tractability, and branding
 - iii. Offering bulk purchasing of inputs, some processing or storage
- d) As of 2014, there are 200 food hubs in the U.S., at various stages of development
- e) Research from 2011 on established food hubs found that over half considered themselves to be financially viable businesses, but most also noted that this business is precarious, being dependent on very slim margins, the weather, and a perishable product (Barham et al. 2012)
- f) For advice to farmers on how to participate with a food hub, see Pressman and Lent 2013

Resources & References

INTERMEDIATE MARKETS

PUBLICATIONS

Alcorta, Marisa, Rex Dufour and Tammy Hinman. 2012. *Tips for Selling to Aggregators/Grower Marketing Coops*. National Center for Appropriate Technology (NCAT). attra.ncat.org/attra-pub/summaries/summary.php?pub=402

Barham, James, Debra Tropp, Kathleen Enterline, Jeff Farbman, John Fisk, and Stacia Kiraly. 2012. *Regional Food Hub Resource Guide*. Washington DC: U.S. Department of Agriculture, Agricultural Marketing Service. April 2012. dx.doi.org/10.9752/MS046.04-2012

This 83-page document produced by a joint effort of the USDA and Wallace Center at Winrock International explores what a food hub is, the impacts of food hubs, their economic viability, barriers to proliferating, and resources to support their development.

Cantrell, Patty, and Bob Heuer. 2014. *Food Hubs: Solving Local*. Wallace Center Winrock International. www.ngfn.org/resources/food-hubs/food-hubs-solving-local

This 22-page document offers 5 examples of established food hubs focused on getting local food into local markets. These cases show the differences and similarities of how groups are getting local foods to market.

Community Food Security Coalition and the Center for Food & Justice Occidental College. 2004. *Farmer Resource Guide: Managing Risk Through Sales to Educational Institutions*.

This document explores the different issues associated with farmers selling their products to institutions. It provides suggestions for accessing food service directors, managing supply, conducting distribution and other topics needed for farmers to successfully work with institutions. It also provides case studies of different types of farm-to-institution efforts. \$12 plus shipping; order here: www.farmtocollege.org/resources

Diamond, Adam, and James Barham. 2012. *Moving Food Along the Value Chain: Innovations in Regional Food Distribution*. Washington, DC: U.S. Dept. of Agriculture, Agricultural Marketing Service. March 2012. dx.doi.org/10.9752/MS045.03-2012

This document provides eight case studies of innovative distribution strategies. One of them is a farmer cooperative model.

Green, Camille and Nancy Moore. 2013. *Bringing Food to Local Institutions: A Resource Guide for Farm-to-Institution Programs*. National Center for Appropriate Technology (NCAT), June 2013. attra.ncat.org/attra-pub/summaries/summary.php?pub=261

Provides basic information on the types of programs that exist, and offers several case studies, and lists other resources available to help support these types of program.

Iowa State University Extension. 2000. *Local Food Connections: From Farms to Schools*. mofarmtoschool.missouri.edu/files/3.Local%20food%20connections-from%20farms%20to%20schools_IA.pdf

Provides basic information on how to start selling your products to schools.

Jacobsen, Rowan. 2013. From farm to table: Building local infrastructure to support local food. *Orion Magazine*, November/December 2013. www.orion-magazine.org/index.php/articles/article/7807

This article highlights a particular Northeast food hub, as well as a couple farmers who use it successfully.

Jewett, Jane G., Beth Nelson and Derrick Braaten. 2007. *Marketing Local Food*. Minnesota Institute for Sustainable Agriculture. www.misa.umn.edu/prod/groups/cfans/@pub/@cfans/@misa/documents/asset/cfans_asset_305240.pdf

A comprehensive and useful guide to marketing local food. A very clear and useful overview with several case examples.

King, Robert, and Gigi DiGiacomo. 2000. *Collaborative Marketing: A Roadmap and Resource Guide for Farmers*. University of Minnesota Extension. www.extension.umn.edu/agriculture/business/commodity-marketing-risk-management/collaborative-marketing/

This on-line manual contains extensive information about starting and operating a collaborative venture. It also includes 10 case studies, which are woven in throughout the document to provide examples.

Lerman, Tracy, Gail Feenstra, and David Visser. 2012. *A Practitioner's Guide to Resources and Publications on Food Hubs and Values-Based Supply Chains: A Literature Review*. Sustainable Agriculture Research and Education Program Agricultural Sustainability Institute, University of California, Davis. www.sarep.ucdavis.edu/sfs/KYF%20grey%20literature%20review%207.9.12_compressed.pdf

This document summarizes current literature on food hubs and other value based supply chains (VBSC). It includes sections on why these structures are important, descriptions on current ventures, as well as benefits challenges and best practices.

Ochterski, Jim. 2012. *Collaborative Marketing for Small Farms: Selling and Working Together for Profitability*. Cornell University Cooperative Extension. smallfarms.cornell.edu/files/2012/05/Collaborative-Marketing-for-Small-Farms-10385vc.pdf

This document outlines the steps involved in creating a collaborative marketing or distribution arrangement between farmers. It includes how to get clear about your goals, find a business structure, the use of attorneys, common problems and their solutions, and what is needed for success.

Padgham, Jody. 2005. *Cooperatives: Their Role for Farm Producers*. University of Wisconsin Extension. www.uwex.edu/ces/agmarkets/publications/documents/A3811-3.pdf

This 2-page document summarizes basic information on farmer's cooperatives—what they are and how to start them.

Pressman, Andy, and Chris Lent. 2013. *Food Hubs: A Producer Guide*. National Center for Appropriate Technology (NCAT). July 2013. www.acrcd.org/Portals/0/food_hubs.pdf

This 20-page document provides information specifically to the farmer about working with food hubs. It provides information on how to select one to work with, and what you need to know to work with them effectively. Includes case studies.

Wright, Bill. 2007. *Selling to Institutions*. University of Wisconsin Extension. www.co.brown.wi.us/i_brown/d/uw_extension/selling_to_institutions.pdf

This 4-page document summarizes the strategies for selling productions to institutions.

WEB-BASED RESOURCES

USDA-Agricultural Marketing Service—Food Hubs: Building Stronger Infrastructure for Small and Mid-Size Producers

www.ams.usda.gov/AMsv1.0/ams.fetchTemplate-Data.do?template=TemplateA&navID=WholesaleandFarmersMarkets&leftNav=WholesaleandFarmersMarkets&page=FoodHubsandOtherMarketAccessStrategies

This site offers a variety of resources for food hubs, including links to reports, food hubs in the news, and a working list of food hubs.

AGRITOURISM REFERENCE & RESOURCES

PUBLICATIONS

Chase, Lisa, Robert Manning, and William Valliere. 2012. *Agricultural and Culinary Tourism Literature Review: Summary of Finds and Annotated Bibliography*. Vermont Tourism Data Center, Park Studies Laboratory, University of Vermont. www.uvm.edu/tourismresearch/agtour/publications/agritourism_lit_review.pdf

This document contains a nice annotated bibliography, which identifies several studies from the Northeast, as well as nationally, on the topics of agritourism and culinary tourism.

Comen, Todd, and Dick Foster. N.D. *Agricultural Diversification and Agritourism: Critical Success Factors*. The Institute for Integrated Rural Tourism. Draft. www.uvm.edu/tourismresearch/agtour/publications/Agritourism%20Report.pdf

This report identifies factors related to success in agritourism, by reviewing research literature, as well as results from interviews and site visits with Vermont farms.

Duffy, Marlow A. 2012. *Exploring Marketing Strategies for Agricultural Tourism Farmers in the Commonwealth of Massachusetts and the State of Vermont*. University of Vermont College of Agriculture and Life Sciences. Department of Community Development and Applied Economics. www.uvm.edu/tourismresearch/agritourism/publications/Duffy_Marlow.pdf

Abstract—“This research explores the current marketing strategies for agri-tourism in Massachusetts and Vermont. Questions include, the demographics of agri-tourism farms, operations Massachusetts and Vermont farms are involved in, marketing strategies that have and have not been successful for agri-tourism in Massachusetts and Vermont, and the impact of agri-tourism on Massachusetts and Vermont farms. Results show Massachusetts farms use fewer marketing methods than Vermont farms. Both Massachusetts and Vermont farms agreed they were better off financially from agri-tourism. In Massachusetts, agri-tourism does not have a very positive impact on the quality of the operator or their family’s life, whereas it does in Vermont.”

George, Holly, and Ellen L. Rilla. 2011. *Agritourism and Nature Tourism in California*. University of California, Division of Agriculture and Natural Resources. Davis, CA. Cost: \$25 plus shipping and handling. sfp.ucdavis.edu/pubs/publications/1/

This book describes the many facets of agritourism, and provides detailed information for those wishing to start such an enterprise. The contents tools for evaluating whether this method is right for you, creating a business plan, dealing with regulations, as well as creating a risk management plan and marketing strategy.

George, Holly A., Christy Getz, Shermain D. Hardesty, and Ellen Rilla. 2011. California agritourism operations and their economic potential are growing. *California Agriculture*, Vol. 6, No. 2. University of California. californiaagriculture.ucanr.org/landing-page.cfm?article=ca.v065n02p57&fulltext=yes

This article summarizes the results of a survey of California farmers involved in agritourism. It summarizes the motivations of farmers for doing this kind of enterprise, what kinds of things people are doing (agritourism activities, promotional activities), profitability, challenges, employees and growth trends.

Jewett, Jane G., Beth Nelson, and Derrick Braaten. 2007. *Marketing Local Food*. Minnesota Institute for Sustainable Agriculture. www.misa.umn.edu/prod/groups/cfans/@pub/@cfans/@misa/documents/asset/cfans_asset_305240.pdf

A very useful publication on direct marketing. It has a substantial section on agritourism.

Jolly, Desmond A., and Kristin A. Reynolds. 2005. *Consumer Demand for Agricultural and On-farm Nature Tourism*. UC Small Farm Center Research Brief. Davis, CA. sfp.ucdavis.edu/files/143466.pdf

This report summarizes findings from a survey of people from 2 California counties, examining their interests and behaviors around agritourism.

Krantz, Heidi. Forthcoming 2013. Best practices for agritourism.

“A review of materials promoting best practices for agritourism throughout the U.S. is underway. Findings will be compiled and consolidated and outreach materials will be developed. Materials forthcoming in 2013.” Referred to in Chase, Manning, and Valliere. 2012

Liang, Chyi-Lyi. Forthcoming 2014. Impacts of multifunctional operations on long term sustainability and prosperity of small and medium-sized farms and rural communities. University of Vermont.

“Motivated by growth in local foods and multifunctional farms, this study seeks to (1) examine the sustainability of small and medium-sized farms and rural communities in a regional context, and (2) study the impacts of changes in local markets for nontraditional agricultural products and services and their effects on farm entry, transition, and viability and the public and private options for addressing these effects. The purpose of this study is to identify specific strategies and policy options to increase the integration between farms and local communities, and in the process to potentially enhance the long-term viability of rural regions. This study is currently being conducted and findings will be forthcoming in 2014.” From Chase, Manning, and Valliere. 2012

Torres, Rebecca Maria, and Janet Henshall Momsen. 2011. *Tourism and Agriculture: New Geographies of Consumption, Production and Rural Restructuring*. Routledge, New York.

WEB-BASED RESOURCES

Agritourism

www.uvm.edu/tourismresearch/agresearch.html
Gives research results and other information by state.

Agricultural Marketing Resource Center

www.agmrc.org/commodities__products/agritourism/
This site has a number of resources for going agritourism – including documents on best practices, lists of associations and networks, risk management and liability, marketing and online references, and zoning and health issues. It also has resources for some specific types of agritourism such as equine offerings, hunting/fishing operations, nature-based tourism, wine tours and rural weddings.

Farm Stay U.S.

www.farmstayus.com/
This website lists farms around the U.S. that provide accommodations. It can be a resource for those thinking of offering this type of service.

UC Small Farm Program—Agritourism

sfp.ucdavis.edu/agritourism/
This website has several resources for farmers considering starting an agritourism venture. There are research studies, books, worksheets to help plan these ventures, etc.

E-COMMERCE REFERENCES & RESOURCES

PUBLICATIONS

Alcorta, Marisa, Rex Dufour, and Tammy Hinman. 2012. *Tips for Selling on the Internet*. National Center for Appropriate Technology (NCAT). attra.ncat.org/attra-pub/summaries/summary.php?pub=401
This 2-page tip sheet highlights advantages and considerations for selling products on the internet.

Ernest, Stan, Jay Jenkins, Jennifer Nixon, Connie Hancock, and Glenn Muske. 2011. *Direct Marketing of Specialty Food Products*. University of Nebraska, Lincoln. eship.unl.edu/directmarketingfood

This is an online document that gives extensive information and examples of how to do online marketing.

Klotz, Jennifer-Claire V. 2002. *How to Direct-Market Farm Products on the Internet*. United States Department of Agriculture, Agricultural Marketing Service, Transportation and Marketing Programs, Marketing Services Branch. www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3101222

This 50-page report includes sections on why one would market on the internet, and how to set up and market through a web site.

WEB-BASED RESOURCES

SBCD Net

www.sbdnet.org/small-business-information-center/ecommerce-for-small-business
This website has a good outline for how to set up an ecommerce site.

The U.S. Small Business Administration—eCommerce Resources

www.sba.gov/content/ecommerce-resources
This website contains a number of articles that focus on issues such as complying with rules for privacy, mail orders, disclosing information, advertising and labeling.

SUPPLEMENT

Case Story of a Faith-Based Community Relationship with a Community Supported Agriculture (CSA) Farm

“CSA” can also stand for “Congregational Supported Agriculture”! In 2011, members of the Environmental Action Committee of a congregation in Sonoma County, California (north of San Francisco) wanted to connect their membership with local agriculture. This Jewish congregation was inspired in part by their national movement (the Union of Reform Judaism) challenging member congregations to promote local food. The committee sent out a short Request for Proposals to all of the local CSA farms they could find.

There were 21 farms offering CSA memberships within about 20 miles and 7 of those responded with interest. The committee sent the farmers a short “request for proposals” that asked the farmers to respond to several questions. The committee assessed factors including: variety of crops, price of shares, willingness to engage by educating congregants, available communication (e.g., website and newsletter) and other considerations. Social justice factors, for example ‘was the farmer a low-income member of the community?’ were not considered in the decision.

The committee circulated an announcement about the CSA opportunity to the membership. Some 20 members indicated interest. When the religious leader of the congregation sent a follow-up

e-mail supporting the project, another 30 members indicated tentative interest in joining. The committee decided to try to set up relationships with more than one farm as a way to broaden the support of local agriculture. Ultimately about 25 families purchased shares. Some couples split a share. The first season the congregation worked with two small farms, but after an evaluation, and attrition with one farm, the relationship continued with a single farm.

The group signed a Memorandum of Understanding (MOU) outlining the roles of the farmer and the congregation’s administration. It also addressed what would happen if there were various complaints, or conflicts. For example, if a congregant didn’t like the variety or quality of produce in the box that week the matter was strictly between them and the farmer. In this case the committee and administration did not get involved with the financial transactions. Congregational members paid directly to the farmers.

The farmer has spoken at the synagogue on two occasions and also hosted a tour of the religious school. Each year the Environmental Committee has promoted additional member sign-ups. After two years the farmer reported that congregational members showed a very low attrition rate compared to the rest of his customers.

