

Farm Direct Marketing

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Objectives

Learn about the different types of direct marketing for small farmers

Learn the challenges and benefits of the various direct marketing strategies

Learn about marketing resources

Acknowledgements:

Material provided by SSAWG found at www.ssawg.org

Southern Sustainable Ag Working Group

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What is Direct Marketing?

Selling directly to the consumer

Eliminates middle man

Can demand premium pricing

Good for low volume, high variety producers



Direct or Wholesale?

- o Do you have enough in production to hire a broker?
- o Are you producing something with large scale commercial appeal?
- o Do you have a food safety plan or certification?



Marketing Channels for Small and Mid Sized Farms

- o Farmers markets
- o Community Supported Agriculture (CSA)
- o On-farm markets including farm stands and stores, U-pick and agritourism
- o Online marketing through the Internet
- o Direct sales to restaurants and grocery stores



Marketing On the Internet

- o Good for farmers who produce more than they can sell locally.
- o Good if product has a better market at another location
 - o Example: products that are more popular in an urban environment
- o Diversifies your potential customer base

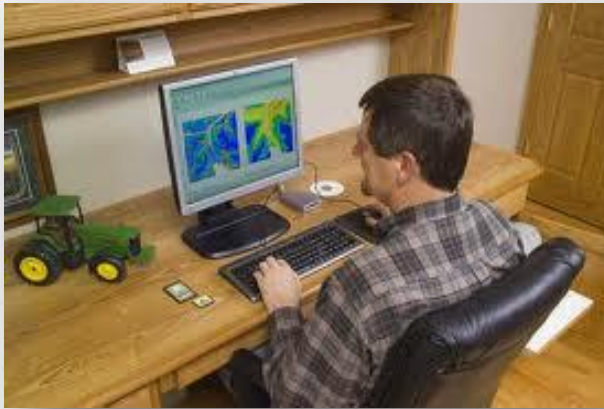
Benefits of Internet Marketing

- o Increased visibility of the farm
- o More information on products offered
- o Ability to broadcast the message to many people
- o Location not important
- o Streamlined business transactions



What farm products have you purchased online?

Challenges of Internet Marketing



Are you a digital native or digital immigrant?

- New technology intimidating
- Need good understanding of computers
- Technology cost
- Personnel and administrative costs
- Establishing customer trust
- Product people will pay more \$



Getting Product to Consumers



- o Simple order system or online store
- o Pick up at farm or central location
- o Deliver
- o Shipping

Develop a website or use another method?

- o Develop your own web presence
 - o Website
 - o Facebook
 - o Twitter
- o Florida Marketmaker
- o Local Harvest
- o Locally Grown





Farmers Markets

Could go to a Farmers Market every day in Central Florida!

Benefits of Farmers Markets

Established customer base;
advertising and promotion taken
on by the market

Low marketing start-up cost

Retail prices received

Small amounts of products are
acceptable

Immediate feedback allows
testing of product line

Allows social contact, networking

Ability to promote farm and
products directly to customers



Challenges of Farmers Markets

- Limited sales volume, since each contact is one to one
- Time to prepare and be present at the market
- People skills are a necessity
- Retailing skills are also necessary
- Establishing a loyal customer base takes a few years for a new market
- Must differentiate yourself from other farmers with same products



Resources Needed

- o Vehicle to carry products
- o Display tables
- o Tent or umbrella, optional (although required at some markets)
- o Cash box
- o Scales (if product is sold by weight) or containers (if product is sold by unit)
- o Application fee or fee per market





CSA's

Community Supported Agriculture

Benefits of a CSA



- o Farmer receives money before the season starts for seed, inputs, supplies, etc.
- o Farmer markets in the off-season to recruit new members and is able to concentrate on production during the season
- o Relationship with shareholders is at least one season long, and may extend for years afterwards
- o Community is able to share risk of farming with financial support and possibly labor
- o In the event of a CSA crop failure, farmer's financial loss is minimized

Challenges of CSA's

- o Crop production – as many as 40-50 different crops must be grown to provide diversity to shareholders throughout the season
- o Weekly shares – providing the proper quantity of produce and a satisfying combination of produce each week throughout the season
- o Labor availability – crops are continually being planted, harvested, cleaned, sorted, and packed
- o Location – if the location of the farm is near enough to the customers, on-farm pickup is the least burdensome for the farmer; otherwise, delivery sites must be established
- o Shareholder retention – it is difficult to satisfy all shareholders with the mix of product each week (many shareholders drop out after trying it for a year)



Resources needed

- o Experience growing the required quantities of many different crops
- o Ability to manage the crops, harvest, pack, deliver
- o Labor
- o Boxes or other containers for deliveries
- o Location close to urban center or critical mass of potential customers
- o Ability to engage shareholders in the farm through newsletters, field days, or other methods



On-Farm Markets

Roadside stands, U-Pick Operations, Agritourism

Benefits of Bringing Customers to the Farm



- Time is saved as there is no travel to markets or packing to travel
- Farmer sets the terms – hours, price, units, amount
- Customers generally come to buy
- Customers build relationship with farm and farmer
- Opens opportunities for other activities such as tours or workshops
- No direct competition with other farmers
- Farmer can work between customers

Challenges

- o Attracting customers
- o Need to be open when the public wants to come
 - weekends and holidays especially
- o Potential customers may show up when you don't want them
- o Must have a building or stand to display produce
- o Must have way to guide customers in field and harvesting (for U-pick operations)
- o Farm must be kept neat and mowed
- o Strangers coming onto farm property





Restaurants, Institutions and Grocers

Everyone wants local food today!

Benefits

Grocers can offer a higher volume of sales

Restaurants can offer a higher price (especially on high quality, unique items)

Restaurants can be flexible in buying what you have available (daily specials)

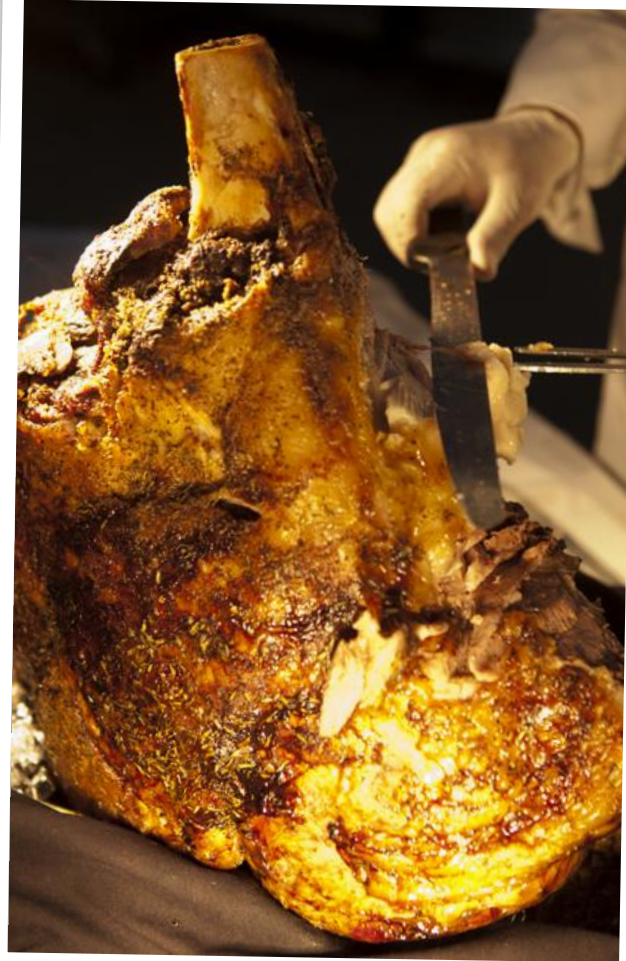
Lower marketing and delivery costs

Lower processing cost for livestock (may take whole animal)

Consistent orders

May help with farm promotion on menus or in stores

Developing relationships with local businesses can lead to other business



Challenges of selling to restaurants and grocers

- Need enough product on regular basis to make it worthwhile for both farm and buyer
- Grocers may find it difficult to deal with small volumes
- Grocers may want prices equal to wholesaler distributors
- Restaurants may want to buy low volumes and frequent deliveries, which will increase your associated costs
- Product packaging, labeling, and processing will need to meet state and national health and safety regulations
- Requested delivery times may be inconvenient for farmer
- Can be slow to pay
- Can lose the account if a chef leaves
- Can be competing with yourself if your farmers' market customers or on-farm customers decide to buy your products at grocery store instead



Marketing Tips

- o Diversify your markets.
- o Tell your story to potential customers.
- o Do market research.
- o Keep records to help you make decisions.



Marketing Resources

- o E-Learning Choose Your Market SSAWG
 - o www.ssawg.org
- o UF Small Farms Website
 - o www.smallfarms.ifas.ufl.edu
- o USDA Marketing Service
 - o <http://www.ams.usda.gov/AMSV1.0/>
- o FDACS Marketing and Development
 - o <http://www.fl-ag.com/>

www.SolutionsForYourLife.ufl.edu

