



# Enterprising Rural Families<sup>TM</sup>

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact [information@eRuralFamilies.org](mailto:information@eRuralFamilies.org) or go to <http://eRuralFamilies.org/>.

## TIP OF THE MONTH:

Fran Rees, in her book *How to Lead Work Teams*, explains that a team is “two or more people who work collaboratively to make something happen.” That defines a family in business together! Rees says that the purpose of a team is to get work done that supports the goals of the organization.

If used properly a team can:

- Provide ideas
- Provide a sanity check for decisions
- Filter logic through a variety of perspectives
- Slow down an overly quick decision process
- Provide valuable information
- Ensure commitment, which will facilitate implementing the decision
- Provide support for the vision and goals
- Come up with a quality decision
- Help review and digest contradictions in a decision

According to Rees, “...lack of teamwork makes a company vulnerable because it isn’t building unity and cooperation.”

An Online Newsletter July, 2010 Volume VI, Issue 7

## Direct Marketing Strategies for Small Farms

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Farm direct marketing means farmer-to-consumer sales – and it can be a way to help make your ag venture self-sustaining.

We’ve seen in the last couple years that consumers are searching for food that is fresh, nutritious, less processed or locally produced, or has a specific characteristic which could be any of a number of options, including natural, organic, gluten free, grass-fed, predator friendly, kosher, humanely produced, age and source verified, and so on. Even knowing the name of farmer or rancher is and what there is has some value.

But interesting characteristics aside, producers still have to decide through what channel to sell their product. For some, sales down the value chain to wholesalers or to retailers or through brokers are the way to go. In this article, we’ll explore another option many smaller operations are testing.

## Direct Marketing

One way producers can capitalize on evolving consumer preferences is to create a product targeted to specific desires and sell it directly to the end consumer – not only capturing whatever value the consumer might pay for the food characteristic, but also that portion that would have gone to a middleman. For most producers, creating and capturing value is exceedingly important to developing a financially sustainable venture, especially given the costs that must be covered – not only the direct costs associated with producing and marketing a product, but the overhead costs associated with operating a venture (and which are often a higher proportion of the total costs on a smaller, less efficient venture) and perhaps even the labor and management used.



If you’re considering a way to capture more value from your products, then you might consider some of the following.

## Farmers’ Markets

Farmers markets are a very common place for producers to get their start in direct marketing. The number of markets has grown tremendously in the US



in recent years. In 2000 there were 2,863. In 2009 there were 5,274. Even in thinly populated states like Wyoming there has been remarkable growth, from 18 a few years ago to 29 today.

A market can provide a customer base for farm products – many use it as an inexpensive form of advertising that builds awareness among a clientele inclined to be interested in food its characteristics. They can also be a training ground to develop marketing skills and understand customer preferences – where else can one come into direct contact with a target market so directly? And they can offer good prices and returns.

If you're considering a farmer's market, visit the market in advance to understand the "flavor" of what's happening. Don't wait until you've got a new crop before contacting the market for booth space – do that early in the year when the market's manager is taking vendor applications.



## Pick-Your-Own

Pick-your-own, or u-pick, is a form of consumer harvesting. The customer comes to the farm, does the harvesting, and transports the product home – and pays a fee for doing so! Consumer harvesting is a popular option for crops that have a distinctive indicator of ripeness (such as color or size) or for those that can be harvested all at once. Examples might be pumpkins or fruits such as raspberries or apples.

Signage and advertising are important, as is having someone on hand to manage the public. A dedicated phone line with a message about harvest times and product availability is a good idea.



## Farm Stands and Roadside Markets

Roadside stands typically are located on the farm. They typically sell the owner's products seasonally, coinciding with harvest. The stand itself could be something simple, such as a self-serve stand, or an elaborate roadside attraction.

A well-trafficked location, safe access to the stand, parking, and knowledgeable and friendly sales personnel are essential for a successful roadside stand operation. Stands are sometimes most successful when they feature only one or two high-demand items such as fresh-picked sweet corn.

## Agri-Tourism

Agri-tourism is becoming a popular way to attract customers and bring more income to the farm/ranch. Examples might be u-pick crops; horseback riding; a bed & breakfast; demonstrating farm equipment or techniques; and regional harvest festivals. Surprisingly, people are willing to pay for activities that would have seemed ridiculous years ago, such as milking a cow. Wyoming's dude ranches, for instance, have long attracted people with nostalgic images of rural activities.

Agri-tourism can be a big commitment. Some disadvantages could include interference with main farm activities, potential low financial return and high liability risk. In the tourist business, you're never really off duty: holidays may mean a full workday. In addition social skills and a scenic, clean, attractive farm are crucial (these can overcome a location that is less than ideal).

## Sales to Restaurants and Retail Stores

Research shows that consumers spend 45 percent of their food dollars eating outside of the home. Restaurants seeking distinction in a competitive business are capitalizing on an increased consumer interest in local and organic foods. An organized farmer with a consistent supply of product can form direct working relationships. Your service quality – e.g., product presentation, phone service, and delivery – must be excellent for a restaurant or store to justify shifting orders from its normal wholesaler for the short, local growing season.

### Food Service

Selling product to institutional cafeterias, such as schools, senior congregate meal sites, hospitals, and correctional facilities can be a good market for farms. Many times, food service managers are interested in offering fresh, healthy and local items, and schools may combine the effort with educational efforts on agriculture and nutrition.

There are many aspects to the institutional market of which farms should be aware, such as the private and state policies that govern procurement.

### Mail Order and Internet

Many producers have found that mail-order and Internet selling works well. Direct marketing is best used for products that have a long shelf life and are easily packaged for shipping. However, there is opportunity for selling live plants, meats, and produce. This method of marketing requires paying attention to effective organization, maintaining a database of customers and catalog recipients, and receiving, filling, packing, and sending orders.

### The Downsides

In looking at this list of options, a number of downsides are probably clear. One is that each can be a tremendous effort. For instance, selling at one farmer's market is very likely a dedication of a whole morning of time. If you were to sell at two or more markets, then there are also travel cost considerations as well as the increased effort needed to prepare the product. Another downside is that all of them require a marketer to interact directly with the clientele. In my experience, many farmers and ranchers have to overcome a significant hurdle to become the engaging, friendly person who can answer with a smile the same 10 questions all morning long every morning of a three-month farmer's market season, for instance. Or, as another example, being able to personally sell a product – making sales calls on chefs, or maintaining consistent contact with previous or potential customers. Another downside is that the seller needs to be aware of any regulatory issues – for instance, is a license needed in order to provide product samples or the vendor? What about labeling and correct storage to ensure a safe product? Regulations often require patience to understand, and perhaps significant investment (such as if installing a commercial kitchen).



*A seller needs to be aware of regulatory issues - county, state, or national.*

### Diversification as a Key to Success

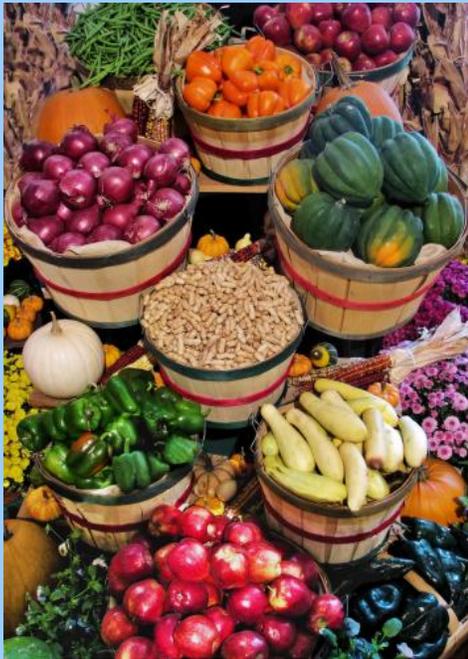
Most marketers use a combination of marketing methods to reach as many customers as possible. For instance, I know of a u-pick raspberry farm that also sells at a farmer's market and also has a mail-order business selling raspberry products like jams in gift boxes. They have extended their income-generating



season from beyond just the raspberry harvest time and beyond their limited geographic region.

Knowing the expectations of your market, communicating clearly, following through with commitments, offering a product of consistent quality, and being aware of your limitations are important aspects of direct marketing. Your success may be fueled by your innovation, but it is founded on meeting expectations. In the end, your direct marketing efforts may make your venture self sustaining as well as contribute to the local economy.

### EXAMPLE OF FACTORS YOU MAY HAVE TO CONSIDER



#### What foods can be sold without a permit in the U.S.?

- Fresh fruits and vegetables, especially home-grown items.
- Certain baked goods, limited to non-potentially hazardous baked goods, bread, cookies, and fruit pies.
- Commercially prepared snack items.
- Popcorn and other seeds.
- Fresh or dried herbs.
- Jams and jellies.

#### What foods cannot be sold without a permit in the U.S.?

- All low acid canned foods, including pickles and salsa.
- Unpasteurized milk, cheese, yogurt.
- Cream pies.
- Foods from unapproved sources.

**CONTACT YOUR STATE OR COUNTRY'S DEPARTMENT OF AGRICULTURE FOR SPECIFIC ITEMS OR PERMITS**



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*July, 2010 Volume VI, Issue 7*