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**SUSTAINABLE
AGRICULTURE
N.E.T.W.O.R.K**
THE NATIONAL OUTREACH ARM OF SARE

Marketing Strategies for Farmers and Ranchers



CATTLE RANCHER PEGGY SECHRIST (IN PLAID SHIRT), AND HUSBAND, RICHARD, INTRODUCE NEW CUSTOMERS TO PASTURE-RAISED BEEF BY STAGING TASTINGS AT MARKETS AROUND THE AUSTIN, TEXAS, AREA. PHOTO BY JERRY DEWITT

RICHARD AND PEGGY SECHRIST RAISED BEEF ON PASTURE without chemicals for four years — selling it to restaurants, at farmers markets and to visitors at their Fredericksburg, Texas, ranch — before they improved their meat sales by diversifying.

They built a customer base through mail-order sales, local phone orders, farmers markets, booths at fairs and shows, and small health food stores. Recently, they began selling meat through the Internet and natural foods distributors who reach 6 percent of the country.

“We decided to be a really good source of high quality, very nutritious and very healthy food,” says Peggy Sechrist. “That means locally grown food without any synthetic residuals — and a good selection

of those foods.”

The Sechrists established a management-intensive grazing system for cattle on their dry Texas ranch. They use all organic practices for herd health and low-stress handling techniques. A few years later, they added pastured poultry and egg production to the ranch after an 18-month stretch without measurable precipitation took a toll on their grazing pastures.

Asked whether their changes in production practices have increased the profitability of their ranch, Peggy responds positively. “Definitely,” she says. “Our distributors understood ‘organic’ and now understand ‘grass-fed,’ ” a distinction that translates to higher returns.

Having outlets to reach the local market, taking

DENNIS AND SUE RABE OF LAKE CITY, MINN., RECEIVED A SARE PRODUCER GRANT TO HELP THEM PROMOTE THEIR BEEF AND PORK PRODUCTS TO ROCHESTER-AREA RESTAURANTS AND SUPERMARKETS.

advantage of a booming wholesale market for chicken and being able to sell beef through health food distributors all contribute to their financial success. If drought affects their supply, they contact other ranchers who meet their production standards to co-sell beef.

Good marketing is becoming a must for small agricultural enterprises to be successful. Rather than accepting non-negotiable prices offered by wholesalers, direct marketers put the power to turn a profit back in their own hands. Alternative marketing outlets offer direct connections to customers, providing them an opportunity to get fresh products and knowledge about how they've been grown. Like the Sechrists, producers can learn what their customers need.

The bottom line: Whether the product is beef or fresh-picked vegetables, selling products directly to consumers offers farmers a better price. This bulletin profiles successful direct marketers across the country and includes tips about how to start a number of alternative agricultural marketing enterprises. For more information, use the list of resources on pp. 19–20.



Marketing Strategies

Direct marketing strategies are numerous and varied. Before beginning to sell direct, identify markets with special needs that offer large enough volumes to provide profitable returns.

One of the most commonly recognized niche markets is the growing demand for organically grown foods. Range-fed beef and pastured poultry products also appear to have a growing popularity among consumers.

Consider selling at roadside stands and farmers markets, opening a pick-your-own operation, creating a subscription marketing service, offering on-farm entertainment, marketing long distance or marketing to restaurants. You can go it alone, or you can team up with others in a cooperative. Most farmers use a combination of marketing methods, finding that in marketing as well as in production, diversity helps provide stability and sustainability.

FARMERS MARKETS

Between 1994 and 2002, the number of U.S. farmers markets grew 79 percent, reflecting an increasing preference for farm-fresh produce. Many customers also prefer to buy produce from farmers they know and trust, especially the small family farmer who helps support communities. A group of Maine farmers market

customers responding to a 1999 survey indicated supporting local farmers was their second major reason for shopping there, behind product quality.

Farmers markets usually offer a secure, regular and flexible outlet where a vendor can sell a wide range of

Consumers' Most Important Reasons for Shopping at the Orono (Maine) Farmers Market

Reason	Percent
Quality of the products	72.5
Support local farmers	59.6
Friendly atmosphere	38.2
Health and food safety concerns	29.8
Convenience	13.5
Good price	10.7
Variety	8.4
Good service	5.0
Consistency	2.2

Source: Jolly, Desmond. 1999. "Home Made"—The Paradigms and Paradoxes of Changing Consumer Preferences: Implications for Direct Marketing. Presented Feb. 22, 1999, Agricultural Outlook Forum.

fresh produce, plants, value-added farm products and crafts. Beginning direct-marketers may want to start with farmers markets. To locate farmers markets in your area, go to www.ams.usda.gov/farmersmarkets/ or call USDA's Agricultural Marketing Service at (202) 720-8317.

Cass Peterson, who has direct-marketed vegetables and herbs for 16 years, sells at two farmers markets in the Washington, D.C., area. Peterson's stand attracts a large crowd of return customers. "We need regular customers who seem willing to accept an eclectic mix of produce so we can get to know their tastes and what to grow for them," she says.

Peterson can count on them to provide a reliable source of income no matter what is doing well in the fields. "Our customers are very loyal to our stand," she says. "We joke that if a drought wiped out every living thing on the farm, we could still sell rocks from the field."

Some vendors become known for having a wide range of the most popular vegetables, others for a specialty such as cut flower bouquets or truckloads of sweet corn. Selling at a farmers market may provide contacts to develop additional markets such as subscription sales (see p. 6) and selling to ethnic groups.

A group of Kansas produce farmers who wanted a direct outlet for their fruit and vegetables took a small grant from the SARE-supported Kansas Rural Center and opened a farmers market in the rural town of Peabody. Starting with 14 interested farm families, the group met monthly to organize a market that would attract people from the surrounding area. Each vendor pays \$20 per market, a fee that goes toward ads and signs.

The group held a community pig roast for 100 people to lure new supporters to the market.

"We wanted people to know how good things taste when they are grown on local farms by local people," says organizer Marilyn Jones, a Peabody farmer.

Most growers enjoy interacting with other farmers, and many say that cooperation is as important as competition. Expect to have slow days when you do not sell all that you bring, and be prepared to encounter hagglers. You may want to investigate gleaning possibilities; many food banks and homeless shelters will pick up extras directly from your stand or farm.

If you're interested in selling at farmers markets, keep in mind:

- Successful markets are located in busy or central places and are well-publicized.
- The more farmers and farm products at the market, the more customers.

- A good manager is necessary to promote the market and enforce its rules.
- Make sure you don't run out of produce to sell to late-arriving customers.
- Colorful, layered displays of your products are enhanced by signs, packaging, even the clothes you wear.
- A diversity of produce displayed in an attractive manner will attract customers.
- Price in round numbers to speed sales and eliminate problems making change.
- Be as friendly as possible. A big draw of farmers markets is the chance for customers to talk to farmers about their operations.
- Don't deliberately or drastically undersell your fellow farmers.
- Get feedback from your customers. You can learn a lot about what they find desirable—and what to grow next season.
- Selling at a farmers market may provide contacts for other sales, such as special orders or subscriptions.

AN OCTOBER HARVEST AT THE WEEKLY TAKOMA PARK, MD., FARMERS MARKET, WHICH HAS BECKONED CUSTOMERS FOR CLOSE TO 20 YEARS. PHOTO BY VALERIE BERTON



DRAWING FAMILIES TO THE FARM USUALLY RESULTS IN ON-FARM SALES. VISITORS TO THIS VEGETABLE FARM NEAR GAINESVILLE, FLA., ENJOY A STROLL AS PART OF A GROUP TOUR. PHOTO BY VALERIE BERTON

PICK-YOUR-OWN

Pick-your-own marketing turns the job of harvesting, packing and transporting your production over to the customer. While it can be a good way to offset labor costs, many farmers find it most profitable when paired with an on-farm tourism activity.

Earnie and Martha Bohner, who run a successful pick-your-own operation in the Missouri Ozarks, created a farm that draws visitors after beginning with no buildings, electricity or running water in 1983. Today, their 80-acre Persimmon Hill Berry Farm attracts carload after carload of customers.

They began with a long-term plan based on family goals and values. Within 10 years of purchasing the land, they were cultivating 3 acres of blueberries, 1 acre of blackberries, 2,000 hardwood logs for shiitake mushrooms and 120 apple trees. In addition to the products, they provide amenities: clean restrooms, a picnic table and shade trees — along with tidy field edges.

“We create a place where people can enjoy themselves,” Earnie Bohner says. “People don’t come all the way out here to get cheap food. They come because it’s fun and the berries are absolutely fresh. As much as we can, we give them contact with ‘the farmers.’ The more we can do that, the more people go away with that memory.”

Although the popularity of pick-your-own farming has declined since the 1970s and 1980s, it remains a great marketing option for small growers with a good client base. It reduces harvest labor needs and eliminates most post-harvest tasks such as grading, washing, packing, cooling and storing.

Before you proceed, however, consider what opening your farm to the public means. You need liability insurance, space for parking, ability to supervise customers, and, perhaps most important, a willingness to sacrifice your privacy. If you’re not a “people person,” pick-your-own likely is not for you.

The success of pick-your-own marketing is often in the details, such as:

- Having a phone with an answering machine that gives prices, conditions and operating hours
- Maintaining evening and weekend hours
- Creating a pleasant and educational setting for families, many with small children
- Providing ample parking, good roads and clean trails
- Supplying containers, even if customers are told to bring their own
- Displaying clear signs indicating rules, prices, hours, etc.

FARM STANDS, ROADSIDE MARKETS AND ON-FARM SALES

While many people enjoy harvesting their own fruits and vegetables, others prefer a quicker, more convenient way to buy fresh produce. At Persimmon Hill Farm, the checkout station also functions as a place to display and sell pre-harvested fresh produce, along with the farm’s many value-added products and accessories such as cookbooks and berry cobbler baking dishes

Converting part of a barn for on-farm sales on specific days also draws customers. By locating a farm store right on the farm, producers can interact more with customers, learning their preferences and gaining their support.

“It creates closer communication with the customer and, in our case, has created a ‘friends of the farm’ group,” says Skip Glover, an organic vegetable farmer in Douglasville, Ga., who receives high prices for such specialty crops as edible soybeans. “It allows folks to be more a part of their local farm.”

If you’re interested in setting up a farm stand, consider:

- From building materials to permits, establishing a stand can prove expensive.
- Stands are sometimes most successful when they feature only one or two high-demand items such as fresh-picked sweet corn, early watermelons or pumpkins.
- Location is very important; busy roadways or other



well-trafficked areas are almost essential. Consider, however, the traffic speed and how to give motorists a heads-up to slow down. You also will need to provide parking. Contact your state Department of Agriculture to find out whether you can set up a stand along state roads.

- More elaborate roadside stands and small seasonal markets often prove successful for direct marketers. They commonly feature a wide variety of retail products along with those actually produced on the farm.
- Check your local extension office for information about how to construct sales stands, small market buildings and produce displays.
- State Departments of Agriculture and Departments of Highways may be able to provide tourism signs.

ENTERTAINMENT FARMING AND AGRI-TOURISM

Pairing farms with entertainment can draw families—and their recreational dollars. Seasonal festivals, hayrides, petting zoos, on-farm classes and workshops bring more potential customers to your farm. Another option for recreational farming is leasing wooded land or marginal cropland for hunting, fishing or hiking.

You can weave farm entertainment events with regional tourism efforts. The Archway Regional Tourism Association (ARTA) in eastern Kentucky links local

farmers with Natural Bridge State Park. For small farmers looking for alternatives to tobacco, agri-tourism in this region—known for its scenic resorts and parks—has been a godsend.

Growers sell at a farmers market inside the park each summer as part of the Mountain Market Festival. Widely publicized by ARTA, the event features chef presentations and live music. Every farmer who participates sells out.

“We wanted to help the agri-tourism organization become self-sustaining, and it has done that,” says Karen Armstrong-Cummings, who works with area farmers as a staff member of the Commodity Growers Cooperative. The cooperative received a SARE grant in 1997 to help it build markets for local farm products.

Tree growers have helped spawn popular “Christmas in the Mountains” weekends. Participants receive coupons for a Christmas tree from a local farm and a gift from a local craftperson or artist.

The coupons were a strong draw, Armstrong-Cummings says, bringing people from as far away as Louisville.

The partnership, which includes Extension agents, farmers, craftsmen and parks officials, helped the Commodity Growers Corporation create a statewide agri-tourism award to recognize projects that bring together farmers and tourism. The first \$500 award went to Owensboro orchardist Billy Reid, whose apple festival brings 20,000 people to the city.

If you’re interested in entertainment farming or agri-tourism, keep in mind:

- Agri-tourism ends farmer isolation and offers the opportunity to make new friends and build stronger links to the community.
- Some disadvantages could include interference with main farm activities, potential low financial return and high liability risk.
- In the tourist business, you are never really off duty. Holidays likely mean a full workday. Be prepared for late-night calls.
- Social skills and a scenic, clean, attractive farm are crucial for success in agri-tourism and can overcome a location that is less than ideal.
- Call tour bus companies and your local or regional tourism and convention bureau for information on attracting tour buses to your farm.
- State Departments of Agriculture often offer assistance in setting up farm festivals and similar activities. State tourism bureaus also can offer a wealth of ideas and information.

“People don’t come all the way out here to get cheap food. They come because it’s fun and the berries are absolutely fresh.”

*Earnie Bohner
Lampe, Mo., farmer*



“We want our customers to be more sensitive to the farm situation. The more they understand the connection of family farms to healthy communities, the better for us and farmers everywhere.”

*Molly Bartlett
Hiram, Ohio, farmer*



SUBSCRIPTION MARKETING AND CSA FARMS

The concepts of subscription marketing and community supported agriculture (CSA) are still new to most farmers and consumers. However, since CSA first premiered in the U.S. in the late 1980s, it has revolutionized thinking about how farmers and consumers can participate in a local food system based on mutual trust.

Subscription marketing describes any of a variety of arrangements in which the farmer agrees to deliver a certain quantity of produce to the consumer on a regular basis throughout the season for a set price. CSA is a more organized and defined form of subscription marketing in which consumer-members invest in the farm operation by paying up-front for the harvest. They share in many of the risks of crop failure, but also share the bounty of a good year. Many CSA farms ask members to commit time and labor to the operation. This not only lowers costs, but also allows members to learn more about what it really means to grow food.

Ohio farmer Molly Bartlett, who has run a CSA operation for seven years, expanded community participation with an enterprising mix of projects involving her non-farming neighbors. She publishes a weekly newsletter to generate interest in the harvest, along with a recipe sheet. When members expressed interest in preserving foods harvested from the farm, she started an on-farm canning center with the aid of a SARE grant. Bartlett has offered sessions on making dilly beans, herbal vinegar, canned tomatoes and beer.

Underlying all this effort is Bartlett's desire to help people understand more about farming and her deep sense of community. "We want our customers to be more sensitive to the farm situation," she says. "The more

they understand the connection of family farms to healthy communities, the better for us and farmers everywhere."

Connecting neighbors to the farm dovetails nicely with Bartlett's need to keep her 70-acre certified organic farm profitable. "I think CSA can be more profitable than farmers markets," she says. "They not only allow farmers to stay on the farm, but also give shareholders a chance to participate in the production of their food."

No two CSA farms are alike. Most supply all the produce. They also might provide other items, such as flowers, berries, nuts, eggs, meat, grains or honey. Farmers may ask members to come to the farm to pick up their shares, or they might deliver them to centrally located distribution sites. Some CSA farmers provide shares in bags; others let members choose from bulk displays. Families run some CSA farms, while some team with other producers to supply additional goods.

Like Bartlett, many CSA farmers produce weekly or biweekly newsletters describing the current harvest and featuring recipe ideas. Others reach out electronically through list servers or Internet sites.

Terrafirma Farm, a 99-acre certified organic farm whose CSA serves 380 members at 24 drop-off sites in the San Francisco Bay area, uses a web site, www.terrafirmafarm.com, to tell current and potential members all about their CSA. A look at the web site will give you answers to questions such as "What do I get?" and "How do I join?"

"For city-dwellers, CSA provides a connection with nature, a convenient, safe and reliable source for healthy, high-quality vegetables," says Valerie Engelman, Terrafirma Farm CSA coordinator. "For us, it provides a

buffer from rapidly fluctuating market prices while providing a secure source of income.”

When evaluating subscription marketing as an option for your farm, consider:

- Your location. Can you find enough members? Can they drive to your farm?
- Your tolerance for hosting members on your farm.
- Your willingness to sponsor events on the farm, publish a newsletter and provide other services that customers demand.
- Your resources for distributing produce to drop-off sites or at your farm.

CSA informational resources abound. See p. 20.

COOPERATIVE MARKETING

Some direct marketers go it alone, but many find that profitability comes through working with others.

Terry and LaRhea Pepper grew their first crop of organic cotton near O'Donnell, Texas, in 1991, contracting with a single buyer to purchase the entire crop. Later that season, the buyer reneged, and they found themselves with bales of raw cotton and no buyer. Scrambling for an alternative, the Peppers decided to try converting the raw product into denim. LaRhea Pepper, who had majored in fashion merchandising in college, contacted companies interested in finished fabrics and secured a new buyer.

“We realized, then and there, that security and profitability depended on our assuming responsibility for processing and marketing our cotton,” La Rhea Pepper says. “We don't rely on anyone else.”

The Peppers joined forces with other organic and transitional cotton growers to form the Texas Organic Cotton Marketing Cooperative. Through the co-op, they shared marketing expenses and risks, then dealt with buyers as a team.

“We were realistic,” LaRhea Pepper says. “We realized we couldn't deliver a consistent supply as the only producer.”

When the cooperative was formed in 1991, it brought together 40 farm families who sought to market their organic and transitional cotton. The cotton co-op sells raw, baled cotton or an array of processed products such as personal hygiene aids and a diversity of fabrics through their web site, www.organictexas.com.

As more members of the co-op were drawn into marketing decisions, they also saw the need to create new products, expand markets and promote themselves. They diversified the product line to include chambray, flannel, twill and knits. Lower grade, shorter staple cot-

ton, not suited to clothing, is used to make blankets and throws. Most recently, an “Organic Essentials” division was created to manufacture facial pads, cotton balls and tampons. The co-op board continues to look for other opportunities to add value to their cotton, and for partners in the industry who are willing to share the cost and risk.

At first, it was difficult for farmers who had been independent all their lives to make decisions together. “When a group decides to work together, people need to be willing to sacrifice their individual rights,” LaRhea Pepper says. “Most growers shy away from marketing and processing, preferring to sell raw cotton rather than get involved in more complex aspects of the industry. That attitude was hard to change.”

The benefits of marketing agricultural products with others also appealed to Janie Burns of Nampa, Idaho, who raises 30 ewes, 40 lambs, 70 chickens and assorted vegetables on 10 acres. A relatively small farmer, she is a large-scale promoter of local food systems. Burns used a SARE grant to investigate whether a growers' cooperative would help area farmers become more efficient and profitable while offering their community access to fresh, sustainably grown vegetables.

“We went to every list of people involved in direct marketing,” Burns recalls. They surveyed 150 people within the Boise/Twin Falls area, which shares a similar climate and crops, about their interest and production capabilities. Then, they identified markets, such as restaurants, natural food stores, a cafeteria, a hospital and a school, to learn their interests, habits and constraints.

A workshop with representatives from successful co-ops developed in other regions—including the Georgia

OPPOSITE: WHEN WARD SINCLAIR AND CASS PETERSON LEFT WASHINGTON, D.C., TO START FARMING, THEY MADE THEIR FIRST VEGETABLE SALES AS SUBSCRIPTIONS TO WASHINGTON POST EMPLOYEES. TODAY, FLICKERVILLE MOUNTAIN FARM'S MAIN MONEY-MAKER IS FARMERS' MARKETS. PHOTO BY VALERIE BERTON

THIS PAGE: THE TEXAS ORGANIC COTTON MARKETING COOPERATIVE'S COTTON, SHOWN HERE BEFORE PROCESSING, IS SOLD TO CLOTHING COMPANIES LIKE PATAGONIA. PHOTO BY JIM CHILDRESS



**BUENA, N.J., VEGETABLE
PRODUCER JIM QUARELLA
IMPROVED PROFITS BY
SELLING SPECIALTY CROPS,
SUCH AS THESE ASIAN
GREENS, TO MARKETS IN
NEW YORK CITY. PHOTO BY
VALERIE BERTON**

Grown Organic Cooperative and Pennsylvania's Tuscarora Organic Cooperative—presented Idaho growers with information about forming and operating a cooperative. They agreed to form their own co-op under the name Idaho Organics Cooperative, Inc.

To be a member, growers must be certified organic. Their product line ranges from early herbs and lettuces to “virtually everything” by mid-season. Some growers are relatively small-scale, while others plant several hundred acres of potatoes and dry beans and market only part of their crop through the co-op.



Every Sunday, co-op growers provide lists of what they will have for delivery on Thursday, including quantity, description (such as “first of the season”), and price. The list is compiled and faxed to customers. By Tuesday evening, growers receive “pick” lists that tell them how much of each item they need to pack for each customer. On Thursday morning, growers bring produce to a central location to divide up boxes for delivery. Customers are billed at the end of each month, and growers get paid once a month.

In Costillo, N.M., where Lonnie Roybal farms, there is plenty of land and water, but little industry and economic development. With funding from a SARE grant, members of a local co-op demonstrated that area farmers could not only grow wheat organically, but also market it locally under their own label. Eight growers belong to the three-year-old organization.

First, they began sharing equipment: a tractor, a plow, a disc and a leveler. “Last year we only sold wheat,” Roybal says. “This year, we have gone to the second step—milling.” The co-op sends the wheat to a mill in Denver, then the flour is sold to Cloud Cliff Bakery in Santa Fe. The bakery bought 38,000 pounds of flour and asked for more. The bread is sold under the brand name “Nativo,” meaning “native.”

The co-op, which also sells grains to organic livestock farmers, acquired grain bins and are close to securing a mill. “This will add value to our product, and allow us to market the complete grain in varying forms such as rolled wheat, bran and flour in 2- and 5-pound bags with our own logo,” Roybal says. Another potential

CONDUCTING ETHNIC MARKET RESEARCH

Ethnic groups tend to form close-knit communities with strong cultural ties to their homeland. Food remains a strong connection for many new U.S. residents, who present a potentially concentrated and lucrative market for farmers.

The New York City-based nonprofit Just Food received a SARE grant in 1997 to connect area farmers with communities inside the city seeking ethnic food.

“We know 8 million people are here buying food, but most of it is not locally grown,” says Kathy Lawrence, Just Food executive director. “We want to create New York City-based support for regional farmers so they can stay in business.”

Farmers growing for the Just Food project produce Italian and traditional Latin vegetables and herbs, goat meat and live poultry.

marketing strategy is to sell whole-wheat berries, for which demand is growing.

Cooperative marketing can be a great opportunity—or a headache. Here are some tips on how to make it work for you:

- The USDA's Rural Business-Cooperative Services program offers information and assistance in setting up and managing a cooperative marketing effort. It's a great place to start (see Resources, p. 19).
- Consider a marketing club, an informal cooperative that relies on using member marketing skills. Many extension offices offer training programs and assistance in setting up marketing clubs.
- Join a nonprofit farmer network group to share ideas and inspiration.
- As always, adequate market research and business planning are keys to successful cooperative marketing. It pays to research well ahead of time. Factors such as inadequate market demand and undercapitalization are danger signs for a cooperative.
- The club or cooperative should be made up of members who have common goals, or boredom and frustration can ensue. Member commitment is crucial for success. Members have to be able to give up a little individuality to work together.

SALES TO RESTAURANTS AND SPECIALTY FOOD STORES

Restaurants and specialty stores such as health food outlets long have been prize markets for many growers, as they and their customers often are willing to pay premiums for quality, freshness and reliable delivery.

Bridging the cultural gaps between consumer and producer is both a challenge and an opportunity. Just Food, in cooperation with the Farming Alternatives Program at Cornell University and Cornell Cooperative Extension of New York City, brought together farmers and residents of the Williamsburg neighborhood in Brooklyn to plan and implement a pilot marketing project. The community is home to many ethnic groups, such

as Latinos, Hasidic Jews, Italians and Poles.

Through interviews conducted with approximately 65 restaurants, retailers, and wholesalers serving the area, the group sought to learn what foods people bought, where they bought them, quality and supply needs and their willingness to buy from regional growers. The study turned up valuable information for farmers.

The purchasers were satisfied with the quality

and variety of produce they received through conventional channels. Low-income ethnic groups such as those surveyed were not willing to pay more for higher quality produce. Thus, chain supermarkets were clearly the hardest to crack as a possible market, due to consolidated delivery and the perceived advantages of lower prices with high-volume purchases. However, middlemen who buy for resale—called "jobbers"—who

serve smaller-scale buyers showed some interest.

Restaurants appeared more interested than grocery stores in buying regional produce because of its freshness and better quality. "The process [of securing a market] is slow," says Lawrence. "Restaurants are reluctant to place an order from the farmers unless they see the product. The farmers are reluctant to raise the crop until they have a commitment from the buyer. A lot of

what we're working on is relationship-building."

The Just Food project kicked off by creating a farmer-ethnic community connection through El Punte, a community-based organization that is becoming a hub for multiple market outlets. By spring 1999, El Punte had helped an area farmer start a 25-member CSA, expanded farmer participation in a farmers market and cultivated about 10 restaurants that now place weekly orders.



Cass Peterson, who raises vegetables and herbs in south central Pennsylvania, sells to some of the finest restaurants in the Washington, D.C., area. For Peterson, cultivating relationships with chefs is worth the effort. Once they know her produce is fresh and tasty, they create dishes around what is fresh that week.

The communication goes both ways. "Get to know how the chef wants the produce picked, which will depend on how he or she intends to use it," Peterson says. "If squash soup is on the menu, larger ones are okay. If the squash is to be steamed and presented whole on the plate, they can't be longer than 3 inches."

At her web site, www.flickerville.com, Peterson gives other reasons for her success: "Our varieties are chosen carefully for flavor, not 'shippability.' Many of our favorites are so-called heirloom varieties, treasures from a time when vegetables were grown for their taste, not

CRAIG MAPEL (LEFT), A MARKETING SPECIALIST FROM THE NEW MEXICO DEPARTMENT OF AGRICULTURE, USED A SARE GRANT TO RESTART AGRICULTURAL PRODUCTION IN COSTILLO. MAPEL TAUGHT GROWERS LIKE LONNIE ROYBAL (RIGHT) AGRICULTURAL PRODUCTION AS WELL AS PROCESSING, PACKAGING AND MARKET POSITIONING. PHOTO BY JEFF CAVEN

Starting with small sales of specialty grain to a few regional bakeries, the Folkvords have transformed their wheat farm into Wheat Montana, selling packaged raw grain and grain mixes, flours and bakery goods.

their ability to withstand cross-continental truck rides.” Peterson advises that small, diversified farms do best selling to restaurants that change their menus daily, or at least weekly. “Restaurants with ever-changing menus will be happy to feature whatever is abundant and in season. It’s a good idea to let them know a week or two in advance of when something is likely to be ripe and ready to harvest. They need time to dream up those menus.”

An Indiana grower’s use of integrated pest management and shrewd marketing attracted a bevy of new customers to his consumer-oriented crop farm. In 1992, Brian Churchill began using integrated pest management on some of Countryside Farm’s 100 acres of sweet corn, melons, tomatoes and other produce. In 1994, with a SARE producer grant, Churchill began scouting for pests, withholding routine spraying and building better habitat for beneficial insects. He cut insecticide costs drastically, then decided to use that as a marketing hook.

That summer, Churchill held an “expo” for 50 chefs from top restaurants in nearby Louisville, Ky. “We showed we can produce the volumes they need in as good or better a quality as they can get anywhere,” Churchill says.

Two chefs now use the farm’s name on their menus. Another has given out free ears of Churchill’s low-input popcorn as a promotion. Other specialty marketing efforts to promote Countryside Farm’s low-pesticide crops include a customer newsletter, farm tours for school groups, talks at regional horticulture conferences and serving as a location for a television station’s gardening show.

Here are some considerations for the prospective restaurant supplier:

- ❖ Upscale restaurants and specialty stores pay top dollar for quality produce and hard-to-get items. According to Eric Gibson’s *Sell What You Sow!* growers can expect a minimum of 10 percent over wholesale terminal prices for standard items at mainstream restaurants.
- ❖ Most restaurants buy in limited quantities, and sales may not justify the necessary frequent deliveries. Growers should start lining up buyers a year in advance and develop secondary outlets such as processing or selling at lower-end markets.
- ❖ Call buyers for appointments and bring samples.
- ❖ Major selling points include daily deliveries, special varieties, freshness, personal attention and a brochure describing your farm and products.
- ❖ Chefs often prefer to buy semi-prepared food, since they usually have a hard time finding affordable

labor. These include pre-sliced vegetables, pre-peeled potatoes, pre-washed greens, or tomatoes and potatoes sorted according to size and variety.

- ❖ When planning your crop mix, talk with chefs and specialty buyers, who are constantly looking for something new. Many growers just plant what sold well last year, but successful restaurant sales depend on meeting the changing needs of your buyers.

MAIL ORDER AND INTERNET

As mail order and Internet sales continue to grow, creative farmers are jumping on board. Both spell convenience for busy people looking for unique products. The good news: You don’t need to be a copywriter or a computer expert to tap into millions of potential buyers, although maintaining a successful web site is time-consuming and challenging. You may want to hire a helper or find a friendly computer whiz to help you.

If you have a good customer base, these strategies offer good ways to diversify and expand marketing outlets. Earnie and Martha Bohner, who have a pick-your-own farm and farm stand in Missouri, spread their reach from one state to the rest of the nation through a Christmas gift mail-order catalog. Previous customers and gift recipients can count on receiving a folder describing mouth-watering packages. The catalog cover features the farm’s black Labrador retrievers watching St. Nick’s sleigh heading off into the Ozark night.

The Hartzler Family Dairy in Wooster, Ohio, uses its web site to tell customers more about their farm and how they produce their special cream-topped milk in its many iterations: skim, low-fat, whole and chocolate. Product pictures show milk in glass bottles with colorful labels accompanied by lively text to encourage sales.

“2% Reduced Fat: This is a good, flavorful choice for



many families,” the description reads. “You will see a small cream line inside the top of these red-labeled bottles. Gently shake the bottle to spread the creaminess throughout the milk before serving it.”

Those interested in how their milk is produced can click on “The Process” and learn about how the family produces milk from cows raised on grain grown without commercial fertilizers and pesticides.

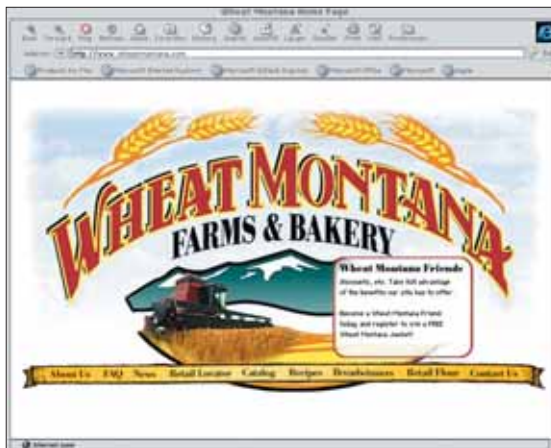
Links lead to you to one of 66 Ohio stores. Check out www.hartzlerfamilydairy.com/stores.html

Bring customers back to your web site by sending e-mail announcements about new features. Maintain an electronic list of customers, then send them weekly or monthly announcements that beckon them back to your site.

The main disadvantage to mail order and Internet marketing is fierce competition. Attracting buyers can be difficult when hundreds of other farmers offer similar products in catalogs or web sites. Keep in mind that you need to budget time to maintain a good web site. If it’s not current, a customer will zip away with a click of the mouse.

If you’re interested in investigating the potential of mail or Internet marketing, keep in mind:

- The proliferation of web sites can make navigating the Internet difficult. Make sure your customers know how to find you.



- Link your page to web sites that strive to connect farmers and consumers, such as www.localfarm.net, www.upick.com and www.smallfarms.com
- Update your catalog or web site often with new product information and uses.
- Make sure the site is secure for credit-card users, and provide regular and toll-free telephone numbers for customers who prefer to call in orders
- Find reliable and cost-effective shippers who will deliver products on time in good condition.

For more information about Internet marketing, see Resources, p. 20.

New Paths for Commodities

DIRECT MARKETING MEAT AND ANIMAL PRODUCTS

Decades ago, most meat and animal products were sold directly to customers, but all that changed with the advent of the modern feedlot-to-wholesale system. Recently, consumer concerns about food safety and animal welfare have spurred renewed interest in buying directly from the source. Producers, meanwhile, see the value of re-connecting to consumers.

For farmers facing an increasingly concentrated market with a few large processors controlling prices, direct marketing offers the opportunity to retain a greater share of product value. Marketing meat and animal products, however, means making food safety issues paramount.

Meat producers address consumer safety concerns through inspection. Before launching a direct meat-

selling venture, decide where and how you want to market your meat. With the exception of poultry, the type of inspection you choose limits where the meat can be sold. Then, identify a processor to meet your needs.

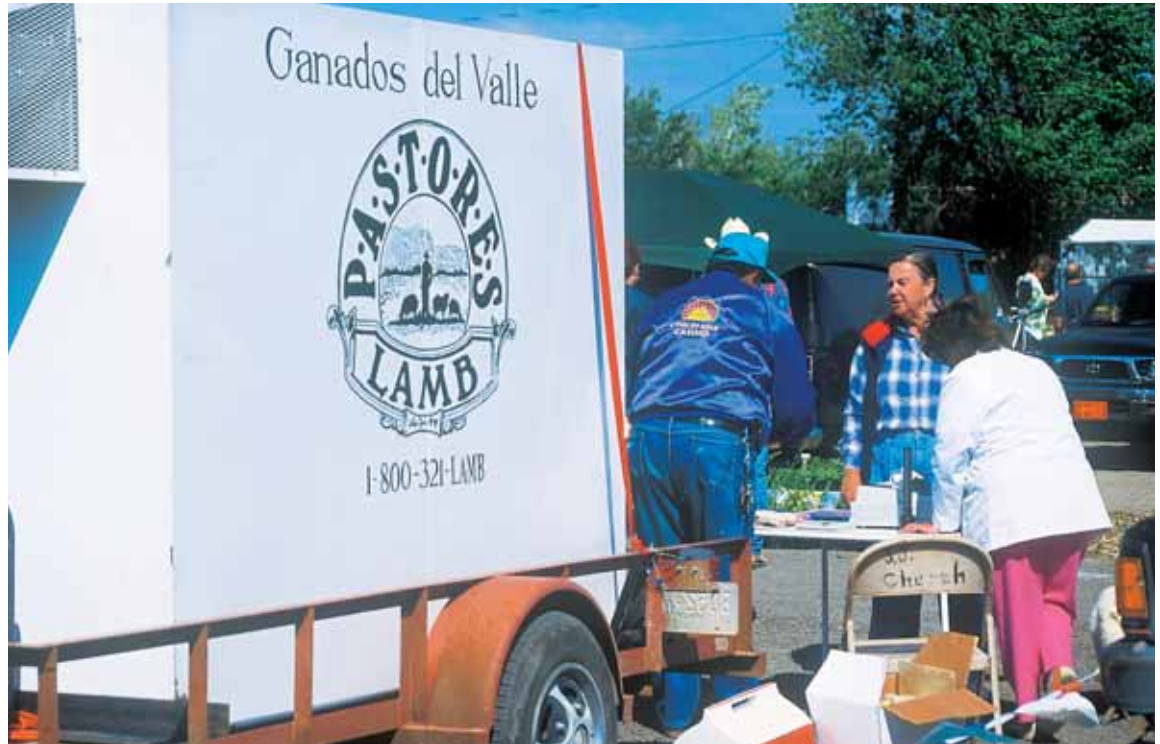
Meat producers can choose from three processing options: in a federally inspected facility, which checks meat that can then be sold anywhere in the U.S. as long as labeling requirements are met; in a state-inspected facility, which certifies meat that can only be sold in that state; and custom processing at a local meat locker.

Custom processing exemptions usually allow you to pre-sell parts of the live animal, then process and deliver the meat without being subject to inspection. Most states, however, attach special conditions, which vary widely.

Small poultry producers may be exempt from some federal and state inspection regulations, depending on

THIS PAGE: GANADOS DEL VALLE, A NONPROFIT GROUP IN LOSOJOS, N.M., MARKETS WOOLEN PRODUCTS AND LAMB FROM LOCAL FARMERS. PASTORES LAMB, A DIVISION OF GANADOS DEL VALLE, SELLS OUT EVERY SATURDAY AT THE SANTA FE FARMERS MARKET. PHOTO BY JERRY DEWITT

OPPOSITE: MARTHA AND EARNIE BOHNER STARTED WITH 80 ACRES AND SOME BIG IDEAS. TODAY, WITH THE HELP OF SOUND BUSINESS PLANNING, THEY RUN A SUCCESSFUL PICK-YOUR-OWN FARM AND THRIVING BUSINESS CENTERED ON VALUE-ADDED AGRICULTURAL PRODUCTS IN LAMPE, MO. PHOTO BY MARTHA BOHNER



the number of birds marketed annually. Egg sales are also subject to exemptions. Contact the American Pasted Poultry Producers Association for more information. (See Resources, p. 19)

Dairy products are usually heavily regulated by state officials. Check with your state Department of Agriculture.

For more information about meat inspection regulations, see the newly published *Legal Guide for Direct Farm Marketing*. Using a SARE grant, author Neil Hamilton answers common questions about laws on marketing meat — and other products — directly to consumers. (See Resources, p. 20.)

Educate yourself about processing. Learning about the various cuts of meat and approximate yields from a carcass will help when dealing with both the butcher and your customers. Food science departments at most universities can offer invaluable information.

Develop a relationship with your butcher to get your animals processed the way you want and to ensure that the meat is hung to age for an appropriate amount of time.

With less volume, small producers will want to market quarter, half or whole carcasses rather than specific cuts. Be prepared to tell customers how many steaks, roasts and other cuts they can expect from a half or whole carcass. Certain cuts are more popular than oth-

ers, particularly the hind portions. It may be necessary to sell “split halves” which include equal portions of both front and hind, to avoid filling a freezer or meat locker with unsalable meat. Freezer meat that is sold by the cut will have to be inspected.

You may want to develop labels describing how you produce your meat, such as without drugs, organic or grass-fed. Check with USDA’s Food Safety Inspection Service (FSIS) at www.fsis.usda.gov or (202) 205-0623.

Provide cooking instructions, especially for grass-fed meats, which require much less cooking time than conventionally produced meat. Many people today are unfamiliar with how to cook items such as roasts. Let them know how simple it is, and you may find it easier to move some of those larger cuts. If possible, provide samples. With a quality product, sampling can be the most effective form of marketing.

Herman Beck-Chenoweth, who has direct-marketed meat and eggs for years, co-owns the first farm in Ohio to market fresh meat at an outdoor farmers market. An avid marketer, Beck-Chenoweth sells meat, eggs and vegetables to two restaurants, through a CSA operation and at farmers markets under his Locust Grove Farm label.

“We prefer to tell customers exactly what we do to our products,” he says. “We tell people that we kill the chicken using the kosher method. We tell them what the chickens eat, and how old they are.”

At the farmers market, Beck-Chenoweth takes care to create an attractive display: a folding table, umbrella, and fiberglass trays with ice and a clear cover to display fresh chickens packaged in plastic bags.

Jim Goodman of Wonewoc, Wis., began selling organic beef directly not only to increase profits, but also to talk with his customers. After 16 years of selling to packing companies, Goodman now brings beef to three restaurants, a farmers market and directly to friends and neighbors.

“Traditionally, farmers never see their customers,” says Goodman, who regularly drives 75 miles to Madison to deliver beef. “It’s nice to be able to hand your customers a package of burgers with tips on how to cook it and be able to tell them how the animals are raised.”

When he takes a 1,500-pound steer to the packing plant, he receives about \$800. That same animal brings \$2,000, minus about \$400 in processing costs, when he sells it directly. Selling meat himself means more time on the road, including waking at 3:30 a.m. on farmers market days, but Goodman is gratified that he now sells one or two animals a month through his own carefully cultivated channels.

“People are willing to pay more for direct-marketed organic beef,” he says. “Once you get regular customers, you develop a friendship with them. Then people start talking about buying meat from ‘my farmer.’”

ADDING VALUE THROUGH PROCESSING

It was 1986 when Earnie and Martha Bohner began making jam in rented facilities near their farm in southern Missouri. Since then, Persimmon Hill Berry Farm has built its own processing kitchen for value-added products. To create special treats that would appeal to customers, the Bohners worked with a chef to perfect recipes for jams, shiitake mushroom sauce, dried shiitakes and barbecue

sauce. Today their value-added foodstuffs account for 50 percent of the farm’s gross income.

“From the first, we were committed to quality, and quality entails a lot of time and cost,” says Martha Bohner. “Our jam recipe is simple: fresh, ripe fruit; sugar; natural pectin; a bit of lemon juice—and nothing else. We want our product to have a distinctive, berry taste.”

Processing fruits and shiitake mushrooms allows the Bohners to use produce “seconds,” extend the marketing season and diversify their marketing outlets.

The notion of adding value to crops to improve profitability is not limited to horticultural ventures. A team of grain producers launched a value-adding food business for organic oat farmers in Vermont.

The fledgling Vermont Cereal Co. was paying high transportation costs to process food-grade rolled oats in Ontario, Canada. A SARE producer grant paid part of an engineering consultant’s fee to design a local production line in Cabot, Vt., cutting processing expenses in half.

Company co-founder Andrew Leinoff banked on a product that would impress a growing health-conscious market. After a family member designed the logo, Eric and Andy’s Home Grown Rolled Oats was off and running.

“We wanted to tell people that the oats are home grown,” Leinoff says. “We think our buyers really respond to our label.”

The oats are sold through distributors to food co-ops, health food stores, specialty stores and mail order catalogs. In addition, the partners do demos at stores that carry their product. Not only do demos promote the product, but they also offer a great way to get customer feedback and recommendations about taste, texture and appearance.

In one three-hour demo, they sold six cases of oats, which are packaged in cotton muslin bags, ziplock plastic bags and 50-pound bulk bags, depending on customer needs. The “Oat Tote” offers 10 pounds of rolled oats sewn into a sturdy tote bag.

Value-added opportunities abound. Examine your product and brainstorm about how processing it might increase its value. Fruit growers can dry their product or make wines, juices, vinegars, spreads, sauces, syrups and preserves. Grain growers might create cereals and baking mixes. Dairy operators can bottle milk or make cheese, while livestock producers might sell dried meat or specialty cuts.

When you add variety to your product line, you increase the choices presented to your customers and your chances for expanding your sales volume.

Provide cooking instructions, especially for grass-fed meats, which require much less cooking time than conventionally produced meat.



Attracting consumers to remote areas may require communities to work together to develop tourism.

ALTERNATIVE MARKETING FOR COMMODITIES GROWN IN REMOTE LOCATIONS

While farmers located near population centers have a variety of opportunities to connect with consumers, farmers in very rural areas have to be more creative. Those in remote locations, usually producing grains, oilseeds and livestock products, face special marketing challenges. Yet, changing tastes and an increasingly “wired” world offer new options.

Diversification. One of the keys to broadening marketing strategies is diversification. Diversifying your operation can increase your returns and spread risk. Today’s consumer-driven market offers new opportunities for marketing a wide variety of products tailored to the end user’s needs. Consider growing edible soybeans, high-value horticultural crops or organic beef. Or branch out: New technology is creating a growing market for non-food, non-feed uses of agricultural products and byproducts, many based on nontraditional crops.

While some alternative crops are grown almost exclusively under a contract arrangement, many do not have well-established markets. Be certain you can sell a crop before planting it. For more information, see SAN’s “Diversify Crops for Profits and Stewardship” at www.sare.org/diversify/

Adding Value. While adding value through processing can be profitable for face-to-face marketing, it can be even more valuable to farmers who market at a distance. Dean and Hope Folkvord of Three Forks, Mont., found that conservation tillage and recycling not only protect natural resources, but also increase profits.

Starting with small sales of specialty grain to a few regional bakeries, the Folkvords have transformed their wheat farm into Wheat Montana, selling packaged raw grain and grain mixes, flours and bakery goods. Wheat Montana products are marketed on-farm, through stores in five states and on the Internet, bringing in \$3.5 million a year. The Folkvords tell their story on their web page, www.wheatmontana.com.

“Until the early 1980s, the Folkvords would sell their grain to distant markets as other wheat farms do, but they were getting hammered by price fluctuation as they watched most of the other farms in the area discontinued. Rather than getting slowly sucked under, they decided to make changes. ‘We looked for a way to make lemonade out of lemons. We can’t grow a lot of wheat but we can grow high quality milling wheat—the best milling wheat in the country,’ Dean Folkvord says.

“They diversified their operations and added value to their farm by focusing on their strengths. It now includes

a bakery with their own brand-name bread and a thriving business selling their high-protein grain to 110 specialty breadmakers around the country. ‘Our farm now generates 10 times the gross income it did when we shipped grain as a Plain Jane wheat farm,’ Folkvord says.”

A key to their success lies in their bread bag recycling program, where customers receive a free loaf of bread with every 13 bags returned. The program has helped Wheat Montana build an identity and inspired interest from a very diverse group of consumers.

Mail Order and Internet Marketing. Mail order and the Internet offer farmers new ways to form long-distance relationships with consumers. Newsletters, catalogs and web sites offer customers a personal introduction to the farmer and the farm. They tell, in words and with pictures, about your operation and the community as well as the product. Consumers can learn about the issues facing sustainable farmers today and how to support efforts to protect the environment.

The Internet is also a great way to research potential markets or connect farmers in remote areas with buyers all over the nation and even overseas. Web sites such as Grain Trader’s www.graintrader.net offer databases for producers and buyers of specialty grains to connect.

Maggie Julseth Howe of Prairieland Herbs (www.radiks.net/~mhowe/) relies on Internet marketing to expand sales of herb and body products beyond her small Iowa town. Not only does the web site offer an easy way for people to re-order their favorite products, but it offers her small shop a more cosmopolitan cachet.

“Many people are excited to hear we have a web page—I think it lends us credibility,” she says. “I can keep it more up to date than our print catalog—it’s a lot easier to change a web page than a print catalog!—and use the web site to show color pictures of our products. As our catalog business grows, the web site will grow to be more of an asset.”

Do not rule out agritourism even if you own a farm in a remote location, especially if some other basis for tourism, such as parks or historical sites, already exists. Harvest festivals, dude ranches, fee hunting, and bed and breakfast operations all integrate well with wider regional efforts.

Attracting consumers to remote areas may require communities to work together to develop tourism. Local farmers could band together to offer a wide variety of farm products and agri-entertainment activities, based on unique local attributes.

Evaluating New Farm Enterprises

GOALS AND VALUES

Before undertaking new farm enterprises or making major changes to an existing business, set some well-defined farm goals. Those goals should go beyond profit objectives to include available resources as well as personal and family values.

“When asking for assistance with farm planning, people always ask ‘What should I grow? What market should I be using?’” says Mike Hogan of the Ohio State University Extension Service. “They should take a step back and ask: ‘Why do we want to buy a farm? Why do we want to grow this crop?’”

Hogan works with farm families to develop a mission statement and goals based on their core values as part of a whole-farm planning process. With SARE funds, Hogan and Ohio State’s sustainable agriculture teams have developed an information packet helping individuals and families set personal goals. (See Resources, p. 20)

“Financial returns generally are not at the top of reasons why people want to farm,” Hogan says. Rather, the quality of life available on a farm, independence, environmental stewardship and spending time with the family often lead people back to the land.

EVALUATING YOUR RESOURCES

New marketing strategies can help enhance farm profitability, but you need to identify methods that will help you reach your specific goals. To achieve them, it helps to base decisions about new farm enterprises on existing resources.

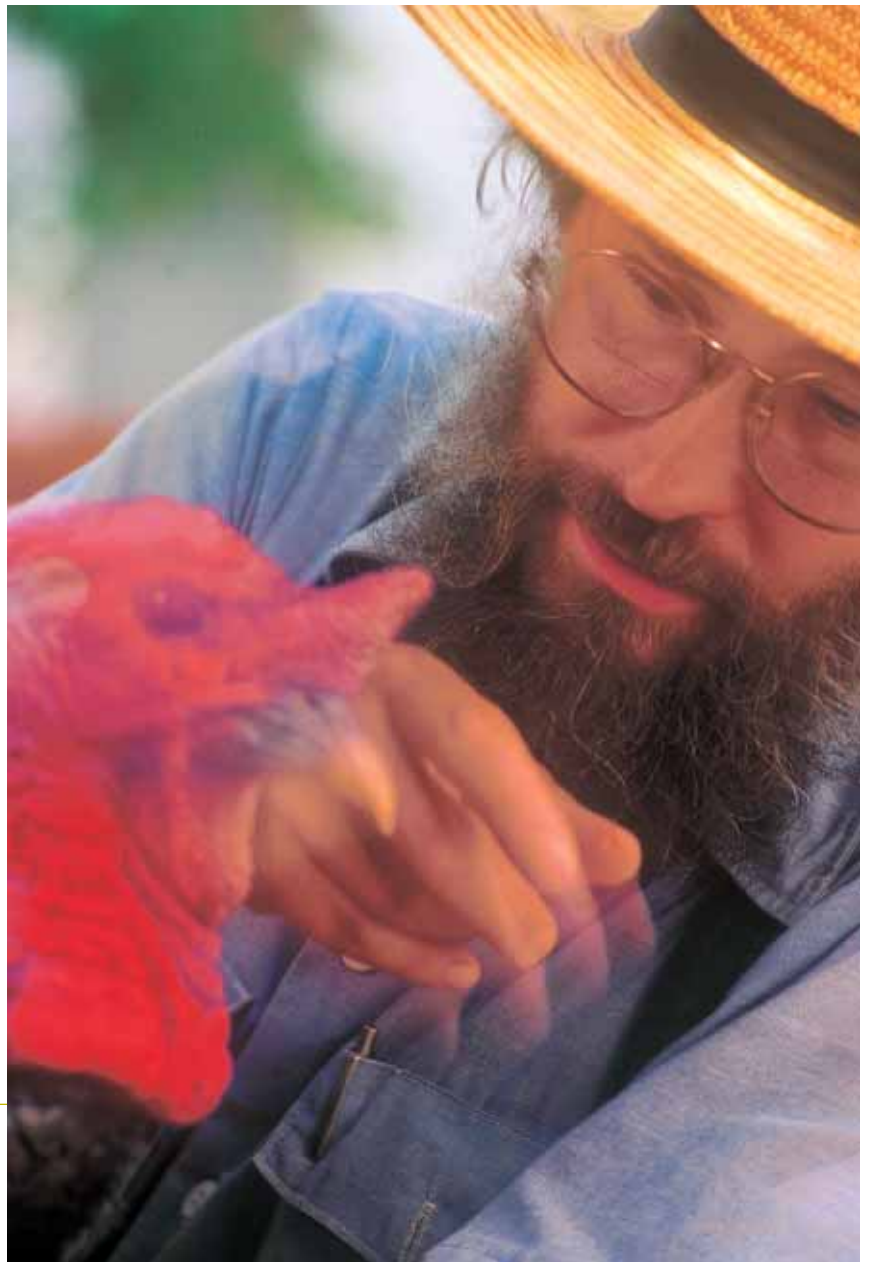
Individual and family strengths and weaknesses. You and your family will have to decide how you feel about taking on the extra work, time and risk involved in direct marketing. Who will be involved in the new enterprise and how can various tasks reflect each person’s abilities and interests? Some family members may be highly skilled in production or record-keeping, for example, but not enjoy dealing with people. Identifying someone who can build relationships with customers is crucial to successful direct marketing.

Natural resources. Think about what resources you have and how to use them in a new enterprise. Consider your acreage, the quality of the land, and current and possible land uses as well as water, woodlands and wildlife habitat.

On-farm infrastructure. Buildings and machinery are important resources to consider. You might turn existing buildings into on-farm stores or packing sheds. Possibilities for using machinery and other equipment may be limited by condition, size or other features, so take those into account as you mull over alternatives.

Byproducts. Culls or seconds from a produce enterprise might be turned into processed foods like jams, fruit roll-ups, dried foods and more. Byproducts from livestock slaughter could be turned into pet food. Get creative—some farmers are marketing buckwheat hulls as pillow stuffing!

HERMAN BECK-CHENOWETH AND HIS WIFE, LINDA LEE, HAVE RAISED POULTRY ON PASTURE SINCE 1991. A SARE GRANT ALLOWS THEM TO TEACH FARMERS AND OTHER AG PROFESSIONALS HOW TO PRODUCE AND MARKET FREE-RANGE POULTRY. PHOTO BY JEFF FRIEDMAN



Labor resources. Cost and availability of both on- and off-farm labor play a part in evaluating your options. If labor is limited to the farm family, your choices should be based on how much the family is willing and able to contribute. If you plan to hire others, a nearby town with a school or university might provide a pool of workers available in the busy summer season.

Off-farm infrastructure. Off-farm infrastructure includes a variety of important resources including local processing and storage facilities, potential markets and market outlets, paved roads and high-speed Internet connections.

Financial resources—cash, savings and credit. Your choice of enterprises will depend on the availability of investment funds, as well as your family's ability to risk losing those funds. While it is possible to minimize financial risk through careful planning, there is no way to guarantee your new enterprise will succeed. Even thriving enterprises usually take time to begin showing a profit, and that time will be increased if debt service is added to other operating costs. If research shows a particular venture will require substantial credit or loans, consider other enterprises.

CREATING A BUSINESS PLAN

If new goals are your destination and the resource base is your means of getting there, a business plan serves as a kind of road map. A business plan sets objectives and priorities, providing a format for regular review and course corrections. Useful business plans contain concrete programs to achieve specific, measurable objec-

tives, assign tasks to appropriate people, and set milestones and deadlines for tracking implementation.

Begin by developing a mission statement, critical factors, market analysis and break-even analysis. This kind of plan won't tell you how to run your business, but it can indicate whether an enterprise is worth pursuing.

Try the following:

- ✦ Write a mission statement that addresses why your business should exist, who your customers will be and how the business will benefit them.
- ✦ Determine what factors are critical for the enterprise to survive and whether those requirements can be met. Adequate parking, hours or seasons of operation and location of market outlets are all examples of critical factors.
- ✦ Conduct a simple market analysis. Define what characteristics make someone a potential customer and think about where those customers are shopping now. Estimate how many customers you may have and how many you will need. Simply observing traffic flows and the types of products people buy at farmers markets or specialty stores, and attending



ELEMENTS OF A BUSINESS PLAN

A full business plan includes a standard set of five main parts.

- 1 Business Description
- 2 Marketing Plan
- 3 Production Plan
- 4 Human Resources Description
- 5 Financial Plan

Anyone planning a new business should consider a holistic management course or publication. See p. 19.

Many software packages

will help you write business and marketing plans. As you begin to think about new enterprises, try organizing notes, ideas, catalogs and other information in a divided notebook.

If the plan indicates outside financing is required, your report can demonstrate credit worthiness to the lender. Bankers want borrowers who have a clear vision of where they are going and how they will get

there. Be aware that direct marketing and specialty products may be new areas for the lenders, who may need some background to fully understand the plan. The plan must show ways to pay back any necessary loans and alternative plans with and without outside financing. A business that relies on continual injections of funds from the outside will not be sustainable for long.

farm tours or farm-related community events can provide needed information about who your customers might be and ways to target them. "Find out how the market works," advises Herman Beck-Chenoweth, who direct-markets poultry and vegetables in Ohio. "Research a farmers market to learn what sells and for how much. You don't want to take 40 dozen eggs hoping to sell them at \$2 a dozen when someone else is already selling eggs for 50 cents a dozen."

- ✦ Analyze basic break-even scenarios. Project sales volumes and prices, and complete a preliminary production plan to figure out the costs of producing the goods. Knowing the costs of production will tell you whether prevailing market prices will cover those costs. Many direct marketers set their prices too low. Prices should be based on what the market will pay to ensure a reasonable return over the costs of production.
- ✦ Assess how many units of sales are needed to cover costs. Be realistic: Add up costs for rent, advertising and other overhead, figure out how much money



you'll make for every unit you sell after its specific costs of production and calculate how many units you need to break even. Estimating profitability under best, expected and worst-case scenarios for yield or sales, costs and prices can provide a better feel for the risks. While higher-risk activities tend to generate the highest profits, you will have to decide how much risk you are willing to accept.

Once you digest this information, the potential viability of the enterprise should be apparent. If it seems worth pursuing, the creation of a full-fledged business plan is warranted.

CONDUCTING MARKET RESEARCH

Failure to judge the true demand for a product is a common cause of failure in many business ventures. To improve your odds, thoroughly research your ideas.

Market research includes ferreting out potential business, competition and consumer trends. Good research also entails finding out as much information as possible about your planned products or services.

Gather information on demographics, consumption, and current and future trends from libraries, government agencies, chambers of commerce, universities and trade publications.

Pinpoint trends that would most likely affect your enterprise, such as customer preference toward specialty shops, existence of local direct marketing associations, attendance and sales figures for farmers markets, popularity of farm tours for school and senior groups, and so on. Local and regional sustainable farming and direct marketing associations are also good sources of advice.

Collecting data yourself can help fill the gaps. You may want to do the following:

- ✦ Talk to other farmers. Ask them what kinds of buyers they attract, what kinds of service they offer and how they promote their products. Most small-scale farmers are happy to offer such information. Visit market outlets at different times to see what they have to offer.
- ✦ Evaluate marketing methods and consider new approaches that put a new twist on an existing product. Not only might you produce homemade jam, but you also could offer it in cases. Hook up with community centers or jam-making groups, or offer to teach the old art of canning.
- ✦ Design surveys to find out about customers' buying habits and preferences, and whether there is a need that you can fill. Personal interviews are time-consuming but will yield valuable information.

Failure to judge the true demand for a product is a common cause of failure in many business ventures. To improve your odds, thoroughly research your ideas.



Combined with samples or other promotional materials, surveying doubles as advertising. Be careful when you interpret the responses. What people say about how they spend their money is often very different from what they actually do. You want to get a realistic idea of whether people will in fact spend money on your product.

- ✦ Talk to store owners to assess your potential to sell your product. Compare stores to determine which ones best meet your strategies and needs.

Investigate as many marketing options as possible and identify several that look promising. The more ways and places you have to sell your product, the better your chances of success.

Using the results of your market research, you can target the customers or businesses you want to attract and pinpoint your strategy. Estimate the number of customers in your target market and how often they buy similar products. Your target market may already be satisfied by the competition, and you will need to rethink your strategy.

Promotion and customer relations must be part of your marketing plan. A common rule of thumb for

promotional expenses is 3 percent of projected sales. Some ideas:

- ✦ Network, then rely on word of mouth.
- ✦ Make attractive, eye-catching signs for your displays, to direct traffic, to advertise your stand, etc.
- ✦ Offer promotional items and don't be shy about passing them out to interested visitors.
- ✦ Advertise in local or state guides to organic foods. Contact your county extension agent or selected state Departments of Agriculture for suggestions.
- ✦ Offer school and other group tours of your farm or facilities. Contact schools to encourage visits and tours.
- ✦ Conduct cooking demonstrations.
- ✦ Offer samples (if health laws allow), at farmers markets and stores.

LEGAL CONSIDERATIONS FOR DIRECT MARKETERS

Marketing activities are guided by a wide variety of laws and regulations at federal, state, county and city levels. Some regulations vary by type of enterprise and location, while others are more general. Legal considerations include the type of business ownership (sole proprietorship, partnership, etc.), zoning ordinances,

small business licenses, building codes and permits, weights and measures, federal and state business tax issues, sanitation permits and inspections, food processors' permits and others. See *Legal Guide for Direct Farm Marketing*, p. 20.

If you plan to employ workers, you must meet more requirements, such as acquiring an employer tax identification from the IRS and getting state workmen's compensation insurance. Environmental laws also are becoming increasingly important to farmers.

Adequate insurance coverage is essential. Every operator should have liability insurance for your product and your premises, employer's liability insurance to protect you if employees are injured, and damage insurance to protect against loss to buildings, merchandise and other property. General comprehensive farm liability insurance often does not cover on-farm marketing operations such as agri-tourism businesses. Check with your local insurance agent about liability and loss insurance specifically designed for direct-market farmers.

EXECUTING THE PLAN

The best-laid plans go to waste without good management. Track actual spending and sales, then compare the results against the plan projections—a technique called variance analysis. Once you have the variance, follow up with course corrections, new plans, revisions and more follow-up.

Holistic Management begins with the assumption that every plan is “wrong”—a safe bet when you consider future weather, capricious markets and other unforeseeable factors. Managers engage in a repeating cycle of planning, monitoring and re-planning that adjusts the course of the business as circumstances change.

Earnie Bohner of Persimmon Hill Berry Farm in southern Missouri recognizes the road-map value of a plan. Every year, he reviews production and marketing records and adjusts his long-range plan. He sets goals for the next 12 months, then breaks down jobs by two-week periods. “In an ideal situation, I would look at these goals monthly,” Bohner says. “Every day I carry a list of jobs that supports the overall plan.”

Resources

GENERAL INFORMATION

Reap New Profits: Marketing Strategies for Farmers & Ranchers, a PowerPoint Presentation for Educators. This CD-ROM is intended for agricultural educators to present information in the bulletin that will help farmers and ranchers move into direct marketing. www.sare.org/market99/slideshow or call (301) 504-5236.

Sustainable Agriculture Research and Education (SARE) program, Washington, D.C. (301) 504-5230. SARE studies and spreads information about sustainable agriculture

via a nationwide grants program and practical publications. www.sare.org

Alternative Farming Systems Information Center (AFSIC), Beltsville, MD. (301) 504-6559, afsic@nal.usda.gov. Provides on-line information resources, referrals and database searching on alternative marketing topics. See www.nal.usda.gov/afsic

Appropriate Technology Transfer for Rural Areas (ATTRA), Fayetteville, AR. (800) 346-9140; www.attra.ncat.org. Provides assistance, publications and resources free

of charge to farmers, educators and other ag professionals. Ask for “Adding Value to Farm Products: An Overview,” and “Fresh to Processed: Adding Value for Specialty Markets.”

North American Farmers' Direct Marketing Association, Southampton, MA (413) 529-0386 or (888) 884-9270; www.nafdma.com.

BUSINESS PLANNING & MANAGEMENT

Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses, by the Minnesota Institute

for Sustainable Agriculture and SARE. A guide to help agriculture entrepreneurs work through the planning process and begin developing business plans, featuring the planning experiences of a dairy farming family. (272 pp) \$14 + s/h. (802) 656-0484; sanpubs@uvm.edu; www.sare.org/htdocs/pubs/ToOrder.html

NxLevel

The Agricultural Entrepreneurs Program module is a SARE-funded project offering training and materials for farmers seeking marketing opportunities. (800) 873-9378, www.nxlevel.org; info@nxlevel.org

Resources *continued*

USDA Rural Business Cooperative Services. Helps cooperatives learn to market and distribute agricultural products. (202) 720-7558; www.rurdev.usda.gov/rbsi

WEB SITES

USDA Agricultural Marketing Service Farmers Market Directory
Lists hundreds of farmers markets across the country. www.ams.usda.gov/farmer-smarkets/map.htm

Center for Agribusiness and Economic Development
Lists publications on running farmstands, promoting "agri-tainment," etc. www.agecon.uga.edu/~caed/agritourism.htm

Community Supported Agriculture database
Find a CSA farm near you or enroll your farm on the national list. www.sare.org/csa/index.htm

Market Decision Making Toolbox for farmers markets
Michigan Food & Farming System. www.miffsmarketline.org/projects/green.html

New Farm Options
University of Wisconsin Extension. New niche markets and business start-up issues. www.uwex.edu/ces/agmarkets

Direct Farm Marketing and Tourism Handbook,
University of Arizona. <http://ag.arizona.edu/arec/pubs/dmkt/dmkt.html>

Agricultural Marketing Resource Center
Information resources for value-added agriculture. www.agmrc.org/

Food Marketing & Processing Food Map
A comprehensive clearinghouse of marketing and processing information on identifying new markets, locating processing equipment, etc. www.foodmap.unl.edu

USDA Farmer Direct Marketing
Bibliography of marketing titles. www.ams.usda.gov/directmarketing/publications

BOOKS, PERIODICALS & VIDEOS

The Direct Marketing Resource Notebook
Case studies of direct marketing enterprises,

Midwest marketing contacts and an extensive resources section. \$20. Nebraska Sustainable Agriculture Society (402) 254-2289. www.nebsusag.org/resource.htm

"Farmers and their Diversified Horticultural Marketing Strategies"
by the Center for Sustainable Agriculture. 48-minute video, \$15. (802) 656-5459 or susagctr@zoo.uvm.edu

"Farming Alternatives: A Guide to Evaluating the Feasibility of New Farm-Based Enterprises"
(NRAES-32). \$8 + \$3.75 s/h to Natural Resource, Ag & Engineering Service, (607) 255-7654 or nraes@cornell.edu

FoodReview: Consumer-Driven Agriculture, Vol. 25, No. 1.
Projects U.S. food consumption and spending to 2020. www.ers.usda.gov/publications/FoodReview/May2002/

Growing for Market
National monthly newsletter for direct market farmers published by Lynn Byczynski. \$30/yr. growing4market@earthlink.net; (800) 307-8949.

The Legal Guide for Direct Farm Marketing
by Neil Hamilton. Tips about legal issues to consider when direct-marketing farm products. \$20 + \$3 s/h to Agricultural Law Center, Drake University. (515) 271-2947; carla.westberg@drake.edu

Making it on the Farm: Increasing Sustainability Through Value-added Processing and Marketing
by Southern SAWG. Includes interviews with Southern farmers and ranchers who are adding value to their products, descriptions of their practices and a list of resources. \$5. (479) 587-0888; ssfarm@lynks.com; www.ssawg.org

The New Farmers' Market: Farm-Fresh Ideas For Producers, Managers & Communities
by Eric Gibson. Tips for market producers, market managers and city planners seeking to start a farmers market. \$24.95 + \$3.95 s/h. www.sare.org/htdocs/pubs/ToOrder.html; (802) 656-0484.

Sell What You Sow! The Grower's Guide to Successful Produce Marketing
by Eric Gibson. This 304-page book specifies strategies from master marketers. \$24.95 + \$4.95 s/h. New World Publishing, (530) 823-3886; eric@nwpub.net

Sharing the Harvest: A Guide to Community-Supported Agriculture
by Elizabeth Henderson with Robyn Van En. This 270-page book lays out the basic tenets of CSA for farmers and consumers. \$24.95. Chelsea Green Publishing, (800) 639-4099; www.chelseagreen.com

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