



## EMERGING AGRICULTURAL MARKETS TEAM

UW COOPERATIVE EXTENSION

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Determine the  
direction you  
want your  
business to go.

# Direct Marketing Options for Farmers

The good news for anyone new to direct marketing is that there are a wide variety of marketing options available for farm products. Determining the strategy that will work best for you takes some thought about what you want your business to look like, whether or not you want customers on your property, your labor situation, how fast your business will grow, and related concerns. The following options, while not described in great detail, will help you determine the direction you want your business to go.

## Agricultural tourism

Agricultural tourism (agri-tourism) or agri-tainment—are different words that convey the same idea: Using the farm and its products to attract customers and provide a unique on-farm “experience.”

Mowing a maze in a field of tall crops such as corn and charging people for the experience of traversing it has been a profitable way for some farmers to diversify their operations. Other farms offer hayrides, haunted houses and special events while still others are home to bed and breakfasts, restaurants, petting zoos and more. The sky’s the limit when you think about what you could offer in the way of entertainment.

Giving farm tours, especially to school groups, is a good way to educate and entertain young people. These tours not

only make a younger generation aware of farming, but also serve as a roundabout way to get their parents out to the farm. Sending the kids home with brochures and information about your farm is another way to bring in more customers.



Farmers with profitable PYO operations have good locations, excellent quality and an ability and willingness to work with consumers. Farm labor difficulties, such as finding workers willing to work a few hours every second or third day, have encouraged farmers to establish this type of operation. However, it is important to note that PYOs still require a labor force. Instead of hiring someone to pick the fruits and/or vegetables, you will need employees to interact with customers, help with sales, and depending on the size and scope of your operation, coordinate customers in the field. Additionally, if your operation offers other attractions like tractor rides or kids' activities, you will need employees to manage those activities.

PYOs, like all farms, need to consider consumer desires prior to selecting what crops to produce. People need to be attracted to the PYO location and products it offers. Visitors to a PYO can be demanding and frustrate the operator's patience. The kids that accompany your customers may lack the behavior expected of your own children. Decide if the disadvantages associated with visitors are offset by the potential for net income.

Without a doubt, you will need to buy liability insurance, offer bathroom facilities, clear signage and parking.

## Roadside stands

A roadside stand may be a temporary or permanent facility used to display farm products. Such stands can be located on the same property as the farm or off-farm on a busy corner—or even in a local town/city at a corner gas station. Location and consumer awareness of the roadside stand are critical to its success.

In roadside markets, you can choose to either hire an employee who will stay at the stand and greet customers and take money or operate on the "honor system" by leaving a moneybox on the stand. There are, of course, down sides to the "honor system" as theft can be a problem. However, you may be forced to weigh the costs associated with paying someone to stay at the stand all day versus accepting some loss of product.

It is important to realize that there may be local regulations that will affect your farm stand such as signage requirements or permits. In most cases, if the stand is on your property, the requirements are minimal.

A benefit of a roadside stand is that it can be run with minimal investment. The key to success, however, is ensuring that the products you are putting out are of the highest quality. Additionally, it is important to keep in mind that some fruits and vegetables, such as those which are perishable, should not be put out on a roadside stand, especially one that is not manned. Wilted lettuce will definitely not encourage return customers.

Finally, an important consideration in running a roadside stand is its hours of operation. Many are open seven days a week during the growing season, while others may only be open during the weekend. The amount of product you have to sell and other sales outlets you use may help determine when the stand will be open.

## On-farm store

The on-farm store differs slightly from the roadside stand in that the store is generally a permanent structure and will likely involve more planning and money to get started. An on-farm store can simply sell the goods you produce or may include a variety of other products.

Before getting too far into opening a farm store, check with both the local zoning office and the health department or state food safety division to determine the permits or processes you will have to go through to ensure that you will be legally able to sell your products once you open your store. There may be requirements for parking, store size, signage, bathrooms, commercial sales and refrigeration or freezer equipment.

While an on-farm store is probably not recommended for someone just getting started in direct marketing, it may be a logical step for a business that is trying to attract most of its sales on the farm.

## Farmers' markets

The farmers' market provides both farmers and consumers a direct marketing alternative to the retail food or grocery store. Producers are seeking a direct marketing alternative and certain consumers want to buy direct from farmers. The farmers' market is increasing in popularity throughout the nation as not only a great place to buy local products, but also as a destination for tourists and locals looking for something fun to do.

A regular site and schedule (such as 8 a.m.–1 p.m. on Wednesdays and Saturdays from May to September) are essential for farmers' markets so regular customers can plan on certain products being available. A producer may sell products in more than one farmers' market.

In most farmers' markets, produce is grown in the area of the community and sellers can only sell what they produce. Most markets have a set of rules that must be understood and followed by the farmers. Remember that participating in a farmers' market is a privilege and opportunity for local growers.

Successful farmers' markets have a wide array of products from which to choose. Several farmers' markets have realized the value of offering other products at the market such as breads, prepared foods, art and even music.

Farmers' markets provide a great market entry opportunity for new producers. The market also provides an opportunity for growers to meet many consumers and learn what they are willing to purchase.

## Consumer delivery

Home delivery, while not nearly as common as years ago, is making a bit of a comeback. Health and travel restrictions may be some of the reasons a person would seek home delivery of vegetables, fruits and other products. The consumer may also believe the product is superior, simply like the producer or wish to keep in touch with a farmer because of personal views on family farms. The reasons may not be important to the seller as long as the opportunity exists for a profitable return to cover the additional time and transportation costs of the home delivery.

It can be difficult to justify a delivery route unless you are either concentrated in a certain area and making many deliveries or are able to combine home deliveries with other activities. With gas prices high, there may be an increased demand on the consumer side for farm products to come right to them; however, you may need to increase the price of the products to justify the time and gas spent.

Current trends in home delivery seem to revolve around meat, poultry, eggs and some dairy. While that doesn't exclude the opportunity to deliver other products, it may be easier to justify dropping off a \$20–\$30 meat purchase than a \$4 vegetable purchase.

Many farmers look to grocery stores and restaurants to sell their products. While the system of direct delivery to the customer is similar whether you are delivering to a business or a homeowner, there will be significant legwork involved in finding grocery store managers and chefs willing to consistently buy your goods. Some restaurants or stores, used to buying products at wholesale prices, will require a lower selling price than direct to consumer sales.

## Community Supported Agriculture (CSA)

CSA farming started in Japan by farmers concerned that consumers were forgetting the important link between farmers and food. The concept involved offering consumers "shares" or "subscriptions" to the farm. By becoming shareholders or subscription holders, the consumer agrees to take on the risk of farming along with the farmer. The consumer in exchange receives a box of produce every week throughout the growing season.

Many CSAs offer full shares designed for a family and half shares designed for smaller households. In addition, some CSAs offer shareholder discounts in exchange for helping on the farm. Many CSAs will offer events at the farm during the growing season, giving shareholders the opportunity to come out to the property.

Operating a CSA, while incredibly rewarding, requires a great deal of organization and planning to ensure that the shareholders have enough variety in their boxes each week to feel as if they are getting their money's worth. There is generally a great need for labor during the growing season, both in the fields as well as in cleaning, preparing and packing produce. Most CSAs use a drop-off system where they take boxes to several locations and stockholders pick them up at the location. However, there are a variety of options for getting the boxes to shareholders.

## Internet or e-mail sales

The Internet can be a powerful way to tap into the majority of the population that spends time online. At a minimum, the Internet can be used as a tool to advertise your business, explaining to potential customers the who, what, where and why of your operation. You may also consider creating an online ordering system for customers.

While the Internet can be a way to increase sales, especially outside of your local area, developing and maintaining a website that customers want to return to can be time-consuming and potentially costly. Additionally, customers buying online expect quick and easy service.

Additional issues to consider in setting up an online ordering system are:

Can you accept credit cards online? If not, how will payment be managed?

Will you mail the order? Will your products require special packaging or shipping?

Will shipping be included in the price of the products or added as a separate expense?

While time-intensive and requiring a specific set of skills, using the Internet to promote your business or sell your products has the potential to bring in a large number of new customers.

Whatever direct marketing option(s) you choose, seek out more information, talk to farmers currently involved in the type of direct sales you are interested in, and make personal visits to get ideas about how to shape your business.

One of the best things about offering some form of tourism on your farm is that people come planning to spend some money. Having a wide variety of opportunities on which to do so makes the event even better.

When getting involved in agricultural tourism, it is important to understand that you will have large numbers of people wandering all over your property. Because of this, you will need liability insurance. And when you invite people to come to your farm for an afternoon, bathrooms must be available. You will also need enough labor to assist with crowd control and sales, as well as other duties. In addition, customers must have a place to park their vehicles.

## Pick-your-own (PYO) or U-Pick

Pick-your-own (PYO) or U-Pick operations give consumers the opportunity to visit a working farm and select the product they want to take home. In years past, pick-your-own operations were popular as a way to buy large quantities of fruit and/or vegetables to take home and preserve for future use. Since there are not as many customers interested in buying bulk, many pick-your-own operations have refocused their operations to attract families looking for a farm experience (agri-tainment) as well as farm-fresh produce.

While strawberries and Christmas trees are two classic examples of PYO crops, offerings have expanded to take advantage of a variety of seasons. Pumpkin PYOs have gained in popularity and other fruit and vegetable crops have also been successful.



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