Direct Market Strategies

Molly Nicholie

Asap
Local Food
Strong Farms
Healthy Communities

USDA
United States Department of Agriculture
National Institute of Food and Agriculture
Appalachian Sustainable Agriculture Project

Our mission is to help local farms thrive, link farmers to markets and supporters, and build healthy communities through connections to local food.

Our vision is of strong farms, thriving local food economies, and healthy communities where farming is valued as central to our heritage and our future.
The End of Tobacco and the Rise of Local Food in Western North Carolina

Charlie Jackson and Allison Perrett
March 2018

The Growth and Transition of Sustainable Production Practices in Western North Carolina
School gardens
Cooking in the classroom
Farm field trips
Local food in the cafeteria
Directing Demand + Making Connections


Keep Value in the Local Economy
Buying local is about more than how we spend our dollars—it’s about supporting what we value in our community like fair pay, sustainable agriculture, healthy food, and strong local economies.

Build Community Resilience
Buying local supports a diversity of innovative and inter-dependent businesses that make it possible for communities to both survive and thrive in good times and bad.

Strengthen Community Ties
Purchasing products made or grown by our neighbors builds relationships that strengthen the economy while creating opportunities for greater civic engagement.

Create the Food System We Want
When we buy local, we exercise our power to change the food system to one that is more transparent and better supports our farms, workers, environment, and the entire community.

Celebrate Our Character and Heritage
Buying local ensures that our farms and local businesses remain vibrant and productive and contribute to preserving our scenic landscape and unique culture.
Training and Technical Assistance
Goals of the workshop today

- Overview of direct market opportunities
- Marketing strategies for tapping into regional demand for local food.
2017 Census data: 1,142 farms in WNC are selling direct (11.4% of all WNC farms) amounting to $14,911,000 in direct sales (1.7% of all sales in WNC).
A few years ago, merely offering local food was a differentiator. Today, participation is table stakes—and excelling at it is the way to stand out.

—AT Kearney, Firmly Rooted, the Local Food Market Expands
Why Direct Markets?
The Future of Food: Evolving Customer Preferences

- A focus on health
- Transparency and sustainability
- Social Consciousness
- Trust
- The influence of peers
Local food has increasingly come to represent transparency and trust.

National consumer research shows that the public has greater confidence in the integrity of small and local farmers because they believe small and local farmers are more deeply committed to the quality of their products.
Direct experiences with local farmers, farms, and food build community ties with economic impacts.

Relationships are central to local food systems. Place-based food and farm experiences are vital to building a community of local food and farm supporters.
Direct market interactions can positively impact farmer sales in other outlets

In surveys with Western North Carolina farmers market shoppers, a majority (nearly 60 percent) indicated they purchased locally grown food at a grocery store, restaurant, or other outlet that they first learned about at a farmers market. Additionally, in a recent survey of retail and wholesale buyers in the region, 63% surveyed indicated that they find sources of local product at farmers markets.
Local food shoppers want to know the growing practices farmers are using

In surveys conducted with farmers market shoppers in Western North Carolina, nearly 90% of farmers market shoppers indicated that the way food is grown or raised matters to them and influences their decisions to buy specific products.
What is the Right Fit for your Farm?

➔ Farmers Markets
➔ Farm Stands or Stores
➔ Community Supported Agriculture (CSA)
➔ Agritourism
➔ Direct to Restaurants
What is the Right Fit for your Farm?

➢ **Time**
  ○ How do you want to use your time & hired labor?

➢ **Resources**
  ○ What are your skill sets?

➢ **Price Point**
  ○ What the costs for your operation?

➢ **Products and market mix**
Farmers Markets

- Currently **62 Farmers Markets in WNC**, including holiday and winter markets.
- **Most popular direct market** - 66% of Appalachian Grown farmers sell at farmers markets.
- **Easiest entry point for small producers**
  - Flexibility in production
  - Find your strengths and niche
  - Building a brand
Opportunities

- Relationship building
- Increasing customer base diversification
- Consumer education value pricing
- Direct consumer feedback products, packaging, branding
- Cross Marketing

60% of farmers market shoppers surveyed have purchased locally-grown food at a grocery store, restaurant, or other outlet that they first learned about at a farmers market.
Farmers Markets

Challenges

- Large time commitment
- Variability in market performance
- Not for all personality types
- Think critically about marketing and engagement
Farms that do well

- Friendly, informative, authentic staff
- Bountiful and diverse product mix
- Presentation - abundance, color,
- Information - story, production, recipes
- Invitation - samples, demos
Farm Stands or Stores
Roadside Stands / Farm Stands

- Ability to sell product on farm
- Little or zero distribution
- High price point
- Farm name recognition

- Infrastructure
- Not all locations ideal
- Labor/operating costs
- Marketing
- Inventory management
Community Supported Agriculture (CSA)

**Pros**
- Cashflow early in season
- Customer commitment / stronger relationship
- Known quantity/sales for production planning
- Complements farmers market and/or farmstand sales

**Cons**
- Accountability - A different type of debt
- Customer expectations/communication
- TIME - planning, boxes/packing, communication, delivery coordination
- Diversity of products
- High turnover rate
Community Supported Agriculture (CSA)

- **More advanced direct market** - better fit for experienced growers

- **Involved enterprise** - marketing, outreach, member recruitment/retention, record keeping, communication, and production.

- **High level of commitment** - Customers pay in advance & expect the best throughout the season.

- **Intense planning** - production, marketing, and member communication.

- **Evolving Models** - workplace CSA, market style
Benefits of Agritourism

Reasons farms report success in welcoming visitors:
- Increase exposure for farm and business
- Educate people about farm processes and products
- Drive traffic to the farm to increase customer base
- Reach new customers and turn occasional customers into “farm fans”
- Sell and market farm products
- Market farm offerings (e.g., events, festivals, and lodging)
- Connect with people who will become repeat visitors, and who will let other people know about the farm.

Challenges:
- Staffing
- Liability
- Infrastructure/Parking
- Visitor Experience
Direct to Restaurants

- Highly variable, usually close to retail price point

![Percentage of Retail Price]

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant</td>
<td>70%</td>
</tr>
<tr>
<td>Grocer</td>
<td>60%</td>
</tr>
<tr>
<td>Distributor</td>
<td>50%</td>
</tr>
<tr>
<td>Institution</td>
<td>40%</td>
</tr>
</tbody>
</table>
Relationships are everything!

- Know yourself, strengths & weaknesses
- Communication
Determine what you can offer in terms of product, quantities, delivery vs pick-up, payment terms, ordering schedule.

Research restaurant pricing (ask other farmers & bulk distributors) and menus - what might be a good fit for you?

Know yourself, strengths & weaknesses
Communication

- Do your homework
- Importance of timing
- Preferred method of communication
- Understand common packaging units used in restaurants
- Be organized and professional - print out business cards & info sheets/price sheets to offer potential clients. Offer samples.
- Have your paperwork ready
- Let them know what you do have
Value of buying local
RECOMMENDED STRATEGIES FOR FARMERS:

- Tell your farm’s story
- Label your product / Branding
- Connect Directly with the public
- Communicate your farm’s practices
- Diversify your products & market mix
Our decisions and actions are often based more on emotional reactions than rational thought.

What emotions do your products and farm envoke?

What values does your farm or products represent?

How can you use this to connect with customers?
The story behind your food - differentiating yourself

You have an authentic story to tell. Convey to your customers why your product is amazing - the quality, freshness, how supporting your business supports the local economy, uniqueness, personal connection with farmer and their family. You are able to give customers a real story and this is valuable.
STORYTELLING IS A TOOL FOR...

...Establishing yourself in people’s memories.

Stories help customers remember you and your farm.
STORYTELLING IS A TOOL FOR...

...Inspiring customer commitment.

When customers feel connected to your story, they are far more likely to remain loyal, buying from you again and again.
**ENGAGE PEOPLE WITH YOUR STORY**

**Take pictures** - People love to see pictures of you and your farm and it connects them to your farm and business. Take pictures throughout the season and during different stages of production. This will give you lots of material to use in your communications.
Label and Brand your Products

Develop a farm identity and logo
It is important to brand yourself (logo, a phrase, message etc.) so that customers can easily identify your farm and products. Make your brand clear and concise. Use this brand consistently to create recognition and loyalty.
Connect Directly with the public

Engage Through Experiences

- Welcome visitors to your farm (i.e. farm tours, field trips, events, classes, etc.)

- Offer samples of your products/recipes
Communicate your farm’s practices

Educate: Share information about products & growing practices

- Use clear signage and labeling
- Welcome visitors to your farm so that they can experience firsthand how your products are grown
- Talk with customers about how your products are grown
- Display 3rd party certifications, if applicable
Diversify your products & market mix

Build upon Existing relationships & Cross Promotions
## Cost of Marketing

<table>
<thead>
<tr>
<th>Money</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Paid advertising</td>
<td>● Education</td>
</tr>
<tr>
<td>● Signage</td>
<td>● Building community</td>
</tr>
<tr>
<td>● Promotional Materials</td>
<td>● Relationship building</td>
</tr>
<tr>
<td></td>
<td>● Earned media</td>
</tr>
</tbody>
</table>
CONNECT DIRECTLY WITH THE PUBLIC: TARGETED MARKETING

- Most of us do not have mass markets
- Do not try to market to everyone
- Sell your product to “one person”
WHO ARE YOU TRYING TO REACH?

- This narrow focus is called a “market share”.
- You want to add to your market share by understanding the factors and values your customer uses to evaluate and make purchasing decisions:
  - Frequency of Need
  - Prioritization of Values
  - Price Willingness
  - Income
  - Position: one time vs. lifetime
  - Interests
  - Etc.
Who are your customers?

What values drive their purchasing?

Come up with examples of real people to help you gear your marketing towards them.
EXAMPLE: AMANDA

Amanda

- She is married + has two children ages 5 and 9.
- They go to Haw Creek Elementary.
- She is a nurse at the hospital.
- Her interests outside of family & work include:
  - Cooking
  - Bargain hunting
  - Fitness/Outdoor Rec.

HOW DO WE REACH AMANDA?
Focus on places they are already looking!
THE TRICK

- You are trying to reach the same person 3-5 times with a consistent message.
- In doing so, you are going to reach other people like them, as well.
- Don’t do anything just once unless you can really convince yourself it was a bad idea.
- Be patient.
HOW WORD OF MOUTH REALLY WORKS

I heard it from a friend

Then I saw your sign

Then I saw your rack card

That reminded me to call you

Then I saw an article in the paper
Foster Word of Mouth

Invest early in having nice looking, consistent, web and print materials, and/or regular ad placements (however small) in the media read by your target customers. EVEN IF you think of word of mouth as your primary strategy.
EARNED MEDIA

- Press releases
- Pitch stories
- Become the local expert about food and agriculture for the local news
**KEEP AND BUILD A LIST**

- It is especially important to get contact information for customers.
- Get email addresses and mailing addresses. It is better if people opt in to getting communication from you.
- Train everyone who represents your farm to ask for this information, and create sign-up systems to make it easy.
- Send mass e-mail or mail communication selectively
- Social media is good for staying connected with customers throughout the year - images, seasonal updates + farm happenings.
Who else is trying to reach your customers?

Look for partners that:

- serve your customers in a complementary way
- offers a different skill set
- are genuinely excited about working together

Partnerships need to be equitable and mutually beneficial, while building trust
Spend lots of marketing time and money on the customers you already have

- It is ten times easier to sell something else to an existing customer who loves your business than it is to find a new customer.
Make a Plan

- **Spend some money**: Invest early in having nice looking, consistent, web and print materials, and/or regular ad placements (however small)

- **Spend some time**: Craft & share your farm story, identify potential partners, build a list, take pictures, build on existing relationships

- **Foster word of mouth**: Try to reach the same person 3-5 times with a consistent message.

- **Be patient**: This type of marketing is relationship based and will take time to grow. Don’t just try something once.
Farmers and Producers
Find resources and tools for your farm business.
READ MORE
1:1 Support for Farms in WNC

As part of a special project made possible through a grant from USDA, we have the unique opportunity to offer farmers in WNC 1:1 support managing marketing, financial and production risk.

**Market Planning and Assessment / Marketing**
This can include discussion of new or existing enterprises, potential market opportunities and requirements, connections with area buyers, and direct or wholesale marketing resources.

**Financial and Business Consultation**
Consultations often include identifying business and financial goals, setting up record keeping systems, outlining enterprise budgets, QuickBooks training, and industry specific guidance.

**Production Planning & Assistance**
State and regional experts within the field and give you research based knowledge and resources.
Save the Date:
Business of Farming Conference
February 22, 2020

Molly Nicholie
molly@asapconnections.org
828.236.1282 ext 111