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Agricultural Extension Service
The University of Tennessee
PB1711

Direct Marketing Guide for Producers of Fruits, Vegetables and Other Specialty Products

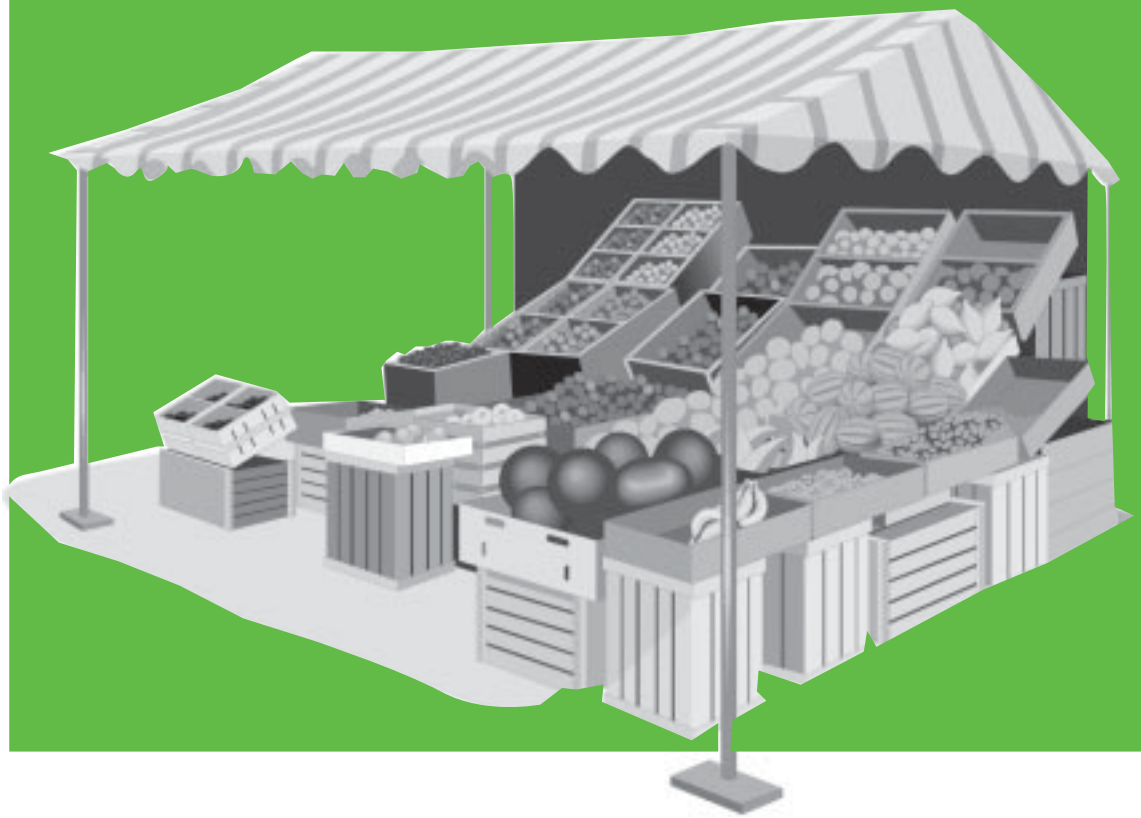

Table of Contents

Introduction 4

Overview of Direct Marketing Methods 5

Pick-your-own (PYO) 5
Roadside stands and markets 6
Farmers' markets 6
House-to-house delivery 7
Peddling 7
Rent-a-tree 7
Self-serve selling 7
Gift baskets and mail order 7

Considerations in Establishing a Direct Farm-to-Consumer Market 7

Personal and family considerations 8
Enterprise feasibility 8
Market factors 8
Production considerations 9
Profitability considerations 9
Risk considerations 9
Miscellaneous considerations 9

Developing a Business Plan 9

Mission statement and long-term goals 10
Marketing plans 10
Production and operation plans 11
Financial plans 12
Staffing and organization plans 13
Management controls and contingency plans 13

Doing Your Own Market Research 14

Market research techniques 14
Evaluating the competition 16
Planning market research 16

A Closer Look at Pick-Your-Own Marketing (PYO) 17

Popular crops for pick-your-own operations 17
Crop diversification 17
Crowd management 18
Check-in 18
Transporting customers 19
Field supervision 19
What attracts customers? 19
Children on pick-your-own farms 20
Methods of handling produce 20
Checking out 21
Communications 21

Labor . . . 22
Liability . . . 22
Characteristics of successful pick-your-own operations . . . 23

A Closer Look at Roadside Stands . . . ***23***

Sales potential . . . 24
Hours of operation . . . 24
Location . . . 24
Facilities, buildings and equipment . . . 25
Source of produce . . . 25
Displays . . . 25
Labor and personnel management . . . 26
Legal considerations . . . 26

A Closer Look at Farmers' Markets . . . ***26***

Quality . . . 27
Displays at farmers' markets . . . 27
Laws and regulations . . . 27

Advertising and Promotion Strategies . . . ***28***

Should you advertise? . . . 28
Promotion plan . . . 28
Customer characteristics . . . 29
Advertising and promotion goals . . . 29
Establishing a budget . . . 29
Allocating the budget . . . 31
A flexible budget . . . 31
Types of media . . . 32

Pricing Strategies . . . ***35***

Summary . . . ***38***

For Further Reading . . . ***38***

Direct Marketing Guide for Producers of Fruits, Vegetables and Other Specialty Products

by
Charles R. Hall
Professor
Department of Agricultural Economics
University of Tennessee
Agricultural Extension Service

Introduction

Marketing is one of the most important factors determining the success of any fruit or vegetable farming enterprise, encompassing all of the operations and decisions made by producers. These decisions range from identifying the most profitable crops for production to deciding how produce should be delivered to buyers efficiently and economically while maintaining product quality. Contrary to popular belief, marketing does not begin **after** a crop is produced. Instead, marketing alternatives need to be considered well **before** production takes place.

Direct farmer-to-consumer marketing includes any method by which farmers sell their products directly to consumers. Justification for establishing a direct farmer-to-consumer marketing outlet is based primarily on the producer's desire to increase the financial returns from farm production. This opportunity for increased returns stems from (1) opportunities to reduce marketing costs (and capture profits) attributed to intermediaries (middlemen) in the supply chain, and (2) consumer desire to buy (and willingness to perhaps pay a premium for) riper, fresher, higher-quality fruits and vegetables. These two factors combined have often generated substantially higher net returns for producers.

When producers become the "retailers," they have the opportunity to sell at or slightly above retail supermarket prices and avoid paying for the services of wholesalers and retailers. Bypassing intermediaries allows producers to receive a higher percentage of the consumer's food dollar and thus enjoy a higher return per unit sold. However, if growers expect to receive prices similar to those at retail outlets, they must provide the same value of services consumers have come to expect from other retailers and wholesalers. At a retail store, the price consumers pay for produce generally covers the costs of producing, grading, packing, transporting, wholesaling, and retail merchandising. To receive higher net returns, producers must either provide the marketing services at a lower cost, provide services not available through other markets, and/or eliminate certain unnecessary services.

Direct marketing may provide outlets for products that do not quite meet the specifications of large commercial buyers. Sometimes direct marketing consumers actually desire products that vary from commercial standards in terms of size, maturity, appearance, volume or grade. For example, a tomato that is "fully ripe" might not be appealing to supermarket buyers who are concerned with shelf life, but

may be just the one the direct marketing consumer wants for canning purposes. Thus, direct marketing might turn product that otherwise might have been lost or culled produce into additional income by emphasizing "freshness" and "ripeness" attributes.

Operators of small farms may find that direct marketing translates into additional income when there is insufficient volume or product selection to attract large processors and/or commercial retail buyers. Thus, direct marketing may be the only viable marketing alternative for small farmers. A substantial number of producers use direct marketing channels to augment sales to wholesalers, retailers, and processors to reduce the risk of relying on a single market channel.

Although additional income is the primary motivation for direct marketing, several other factors may influence the producer's decision. Flexibility and the ease of market entry associated with direct marketing operations enable almost anyone with the desire and a few acres to become involved. Many producers favor direct marketing, especially consumer harvesting or pick-your-own operations, because of the reduced labor requirements associated with not having to harvest, grade, sort and pack produce. However, the most attractive aspect of direct marketing to some farmers is the opportunity to own their own business, be their own boss and do their own thing. This flexibility allows them to determine their own product mix and to balance this production between consumer demand and individual talents for selling and market management. Producers with abilities in raising specialty crops (e.g., flowers, herbs, organic vegetables, etc.) have successfully used direct farm-to-consumer marketing to provide products during special seasons or to non-traditional consumers (e.g., special ethnic groups). Direct farm-to-consumer marketing allows many producers to capitalize on individual comparative advantages (e.g., good locations for roadside stands or available help from retired persons) to achieve increased income or to supplement retirement incomes.

The other side of direct marketing relates to consumer demand. The primary attraction of direct marketing outlets to consumers is the opportunity to purchase fresh, wholesome, flavorful products at their source. Surveys indicate that consumers like being able to buy in larger volumes and in a relaxed, friendly atmosphere. Recent consumer interest in purchasing produce directly from farmers also seems to be coupled with increasing concerns regarding food safety. Another appealing aspect about buying direct from farmers, especially pick-your-own operations, is that it offers an opportunity for consumers to enjoy outdoor family recreation and to learn about where their food supply originates.

Overview of Direct Marketing Methods

Farmers sell their products directly to consumers by several means. The commonly used methods are sales from the farmhouse (or other farm building); pick-your-own operations; roadside stands and markets; public farmers' markets located in or near urban areas; house-to-house delivery; and sales from a truck or other vehicle parked along roadsides, parking lots, or similar places with potential consumer traffic (sometimes referred to as "tailgating").

Pick-your-own (PYO)

While pick-your-own marketing (referred to as PYO) offers the greatest potential savings to both farmers and consumers, there are some disadvantages to PYO marketing. Since most consumers are not experienced with harvesting agricultural produce, they often can require close supervision for their own protection (and the protection of the farmer's surrounding crops and property) and to ensure that they pay for everything they harvest. Most farmers tend to establish relatively rigid rules regarding minimum volumes, parking, inspection of containers and minimum age for children accompanying adults into the fields or orchards. Some farmers may even facilitate supervision and crowd control through check-in stations, designated parking areas, checkout areas between fields and vehicles, supervised play areas for children, and transportation from check-in or parking areas to fields. While such measures may mitigate logistical headaches, they add to farmers' costs of operation and these added costs must be recovered through higher product prices.

Even so, consumer prices for pick-your-own produce are usually the lowest among all direct marketing methods. Consumers also benefit in being able to select produce that is, in their judgment, the "freshest" and "best quality" in the fields. However, since consumers harvest the produce, they bear much of the harvesting and marketing cost. Economically, they should consider their added "costs" in terms of time and transportation, as well as the inconvenience involved in this method. Realistically though, they tend to overlook these "costs" in the name of entertainment.

A few products do not lend themselves to the pick-your-own method because some experience, skill or strength is required to determine optimum maturity and harvest the produce. Picking out ripe watermelon or mature sweet corn, for example, requires a fair amount of expertise; harvesting apples and peaches from fully mature, non-dwarf trees requires both strength and skill to move and climb ladders.

Roadside stands and markets

Roadside stands are on-farm retail outlets for farm produce that contain facilities to display and protect farm produce. Some roadside markets have very elaborate facilities, including refrigerated coolers for storing produce as well as refrigerated display cases. Others are simpler and are more often referred to as "stands." Roadside markets generally stay open longer seasons than stands and offer a wider array of products, including non-food items, for consumer convenience. These features help spread the facility's overhead costs. To ensure a consistent supply of produce, operators of such markets frequently purchase some of their products from other farmers (local or regional), as well as from conventional wholesale outlets.

Roadside stands are generally located next to a public road to maximize the exposure from drive-by traffic. Signage on the roadside frequently emphasizes favorable prices or specials. Farmer-operators can charge less to consumers while enhancing their own income because they often eliminate or reduce conventional marketing costs of intermediary firms. These costs may include transportation from the farm to shipping points, shipping containers, and assembler and wholesaler handling charges. They may also save by using family labor, even if they also use hired labor.

Operators of retail farm outlets do have additional operating costs not incurred by farmers selling to conventional wholesale buyers. Such costs include the fixed and variable costs of their physical facilities (such as interest, taxes, depreciation, repairs, parking lots, utilities and insurance), labor for operating the stand, consumer-friendly packaging materials, advertising and promotion expenses, and other items that may be required to satisfy consumer demand. The extent of such additional costs is closely related to how large and elaborate the facilities are, the amount of customer traffic generated and the sales volume. However, larger, higher-volume markets may gain economies of scale that lead to lower per-unit costs for labor and other items.

Farmers' markets

Farmers' markets are designated locations where farmers can sell their products directly to consumers. These markets are usually located within or near urban centers and may be owned and maintained by farmers' cooperative associations or by local or state governments. Facilities may range from an open lot (where farmers park their vehicles and display products) to enclosed buildings with display counters, lights and refrigeration. Regardless of the ownership structure, farmers usually pay a fee for the space occupied to cover maintenance and advertising costs. Some markets are open daily, but most are open only on specified days.

Prices for products at farmers' markets tend to be lower than prices for similar items in grocery stores. Consumers also have access to a wide selection, since they can look at produce from a number of growers. This concentration of farmer-marketers in proximity to urban areas can attract large numbers of customers. Some large, specialized farm operators who sell most of their production through conventional outlets use this method of direct marketing to dispose of produce that does not meet the requirements of conventional wholesale outlets. Such products include undersized or oversized fruit, and fruit

too ripe to withstand the rigors of the conventional marketing system.

House-to-house delivery

This is the most expensive (and least used) method of direct marketing for farmers. Farmers using this method perform all the marketing services of the conventional marketing system plus delivering items to the consumer's door. This method was relatively important in years past, especially for products such as milk, butter and eggs, which were purchased regularly and could be delivered on a consistent schedule. Today, this method should be attempted with caution and probably only in high-income areas.

Peddling

This is a direct marketing option in which producers sell and deliver to retail stores, institutions, restaurants, etc. Operators might also sell from the backs of their trucks, take orders, and deliver or sell door-to-door where permissible. Advantages of peddling include low overhead cost, easy entry into the peddling business when a product surplus exists and easy exit from the business when product supply is short. Disadvantages might include legal restrictions and required licensing, as well as the possible conveyance of a "fly-by-night" image.

Rent-a-tree

Also called plot arrangements, this option allows the consumer to make a contract with a grower for the yield of a certain tree or row in the field. Generally, the growers do all the cultural operations to produce the product and supply the equipment for harvesting. The renters have the use of the tree or plot for the duration of the contract and do the harvesting. This is relatively new in the United States, but has been successful for many years in some European countries. The primary advantage of the rent-a-tree arrangement is reduced harvest labor expense. However, increased effort in identifying individual trees or areas and in modifying cultural practices to satisfy customers may prove to be the disadvantages.

Self-serve selling

This method has proved successful for some small operators when sales volume does not warrant full-time sales personnel. With self-serve selling, operators stock the sales outlets with available products and consumers serve themselves and leave payment in a cash box. Self-serve selling results in reduced labor requirements but increases the risk of pilferage and theft.

Gift baskets and mail order

Gift baskets and mail order are popular options for products that can be packaged attractively and have limited perishability. Such products might include citrus fruits, herbs, holly and flowers. Gift baskets and mail order products offer opportunities to increase sales, but success is limited to specialty products and is usually seasonal.

Considerations in Establishing a Direct Farm-to-Consumer Market

With the recent upswing in direct marketing activity, more and more farmers are asking, "Is direct farm-to-consumer marketing right for my operation?" This question can best be answered following an assessment of abilities, level of desire to sell directly to consumers, and the compatibility of the farming operation with direct marketing procedures. Part of the assessment should also include a review of direct marketing alternatives and their advantages and disadvantages. With a knowledge of these alternatives, producers can evaluate their marketing needs and assess the likelihood that direct marketing will satisfy those needs.

The marketing needs of individual producers will vary depending on the variety of products grown, the volume of produce to be offered for direct sale and the marketing channels available. While some producers may look for a produce outlet not intended for commercial buyers, others may need marketing outlets for their entire crop as their fields or orchards mature. Producers seeking outlets for small volumes of excess produce will require a

substantially different marketing arrangement from producers who have a large volume of produce that must be removed rapidly. By assessing individual needs, producers can then compare these needs with direct farm-to-consumer marketing alternatives.

If direct farm-to-consumer marketing alternatives do not appear feasible, or if producers have no interest in these methods, no further consideration is necessary. If direct marketing options seem promising, however, producers should begin an evaluation of the compatibility of direct marketing with their operations. With this in mind, the following overview lists factors to consider in evaluating any new direct marketing enterprise. Because of the wide range of possibilities, it is impossible to develop a tool that could be used in evaluating all potential enterprises. Therefore, the points included on the checklist are intended only to help a producer organize an analysis of various enterprises. The producer will still need to develop budgets, financial statements and other documents in order to decide whether or not the venture is feasible.

Personal and family considerations

- Have you identified goals and objectives for your business and personal life?
- Have you conducted a full inventory of your resources (human, physical and financial) which can contribute to accomplishing these goals and objectives?
- Are you willing to make any sacrifices required to make this enterprise profitable (time commitment, changes in lifestyle, privacy, personality changes (dealing directly with consumers can be challenging, etc.)?
- What do you wish your business to look like 5 years from now, and what are some intermediate steps or objectives required to get there?

Enterprise feasibility

- Is this enterprise technically feasible for your location given the following production factors: climate, soils, water, potential varieties, insects, diseases, growing season?

Market factors

- Have you clearly defined what your product/service is (features such as size, quality, varieties, etc. and benefits to buyer or user)?
- Is there demand for the product and if so, what is/are your target (niche) market(s)?
  - ❖ geographic location of potential consumers
  - ❖ demographic characteristics of potential consumers (age, income, etc.)
  - ❖ behavioral characteristics of potential consumers (lifestyle, etc.)
- How large is the existing market demand?
  - ❖ number of potential buyers
  - ❖ average annual per capita consumption
  - ❖ average purchases per buyer
- Can the market be created or expanded to absorb an increased local supply of the commodity (e.g., through advertising and promotion efforts)?
- What are favorable market windows for the product? (Compare historical prices against projected costs per unit.)
- Does the market demand specific grade/quality/size standards?
- What is the cost of transportation to the targeted markets?
- Will the services of brokers or wholesale distributors be required initially? If so, do they have any specific requirements (delivery, volume, etc.)?
- How many competitors are located in your geographic region? What do you have to offer that is better than your competition?
- What price does the market offer and how volatile is the price? What is the highest price and the lowest price you are likely to receive, and what conditions create these price situations?
- What is your expected sales volume? What is the minimum and maximum volume of product you believe you could sell in one year?

If your market research shows that supply already exceeds demand for the product or market being evaluated or that the trend is one of declining consumption and/or prices, **do not** pursue the enterprise any further. On the other hand, if your market research is favorable to this point, continue with the following considerations.

Production considerations

- Given that the enterprise is technically feasible, what are building, machinery, equipment, management and labor requirements for producing the product? Do you have the necessary resources to produce the product?
- Once you are in full production, what are the expected costs and returns (as outlined in enterprise budgets developed on a *pro forma* basis)?
- What is the minimum and maximum production (yield) potential? What will be the impact of varying yield/production levels on profitability?
- Are you able to produce at the level of quality that the market demands?
- What are the costs of production given varying climatological and pest problems?
- Are you able to acquire the necessary start-up capital to establish the enterprise? What about the annual operating funds necessary to continue the enterprise?

Profitability considerations

- What will be the impact of the new enterprise on the profitability of existing enterprises?
- Is the proposed enterprise complementary or supplementary to existing enterprises, or does it compete with them?
- Will the new enterprise compete with existing enterprises for land, labor, money or machinery? If so, what will be the impact on the profitability of the other enterprises?
- How will the additional costs and returns of the new enterprise affect the cash flow for the business?

Risk considerations

- What will be the impact of the new enterprise on the farm's overall risk?
- How will investment of additional resources and the diversion of existing resources from present uses affect the financial risk position of the farm?

Miscellaneous considerations

- Do you have the management skills and time required for the new enterprise? If not, what is the cost (in dollars and time) of acquiring necessary management skills?
- Are there any legal restrictions, regulations or liability factors associated with the new enterprise?
- Does the enterprise require any special record keeping to provide information for both management decisions and/or government reports?
- Does the enterprise require an abundant or continuous supply of special production inputs (e.g., seed, fertilizers, pest control products)? What is the structure and market power of those input suppliers?
- Will the proposed enterprise limit off-farm employment opportunities?

If you have adequately answered all of the questions from this checklist, you probably have enough information to make a decision about the new venture. If you decide to go ahead with the direct marketing enterprise, you should now develop a business plan that specifies a timetable, production schedules, finance and marketing strategies, and management structure. If you have decided not to diversify into the new enterprise, then you are still to be congratulated for the time and effort you put into your research (and the money you potentially saved as well).

Developing a Business Plan

A business plan allows direct marketers to identify potential business and production problems and plan solutions before problems occur. Business plans include long-term production plans that help producers focus on goals they hope to achieve. An important benefit of a business plan is the pre-production knowledge gained from the homework involved in putting the plan together. If the venture does not seem feasible on paper, then it would not likely benefit the current operation. Generally, the survival rate for new enterprises is greater if some pre-production business planning has been done.

In addition to assisting with day-to-day managerial planning, business plans are used to support the procurement of capital from outside sources. Financial institutions can get a "feel" for what the producer is attempting to achieve from changes in the farm's mix of enterprises. A business plan can show financial institutions that a producer is serious and has devoted considerable time and effort to making the decision to grow fruit, vegetable, or specialty crops. The basic business plan is composed of six parts:

- mission statement and long-term goals
- marketing plans
- production and operation plans
- financial plans
- staffing and organization plans
- management and contingency plans.

These components of the business plan are discussed below. However, for a more detailed discussion of business planning, refer to the University of Tennessee (UT) Agricultural Extension Service publication (PB 1630) entitled *Exploring Entrepreneurship*, by Barefield, Smith, and Westbrook.

Mission statement and long-term goals

A **mission statement** is a brief statement of the role of a business relative to the owner's life. The statement sets the business apart from other businesses of the same type. Mission statements help direct the operation and can be valuable to its survival and prosperity. Mission statements are usually about one to two sentences long and very general. Some examples of mission statements for fruit and vegetable producers are:

- Our mission is to provide vegetables for the county area and to increase the financial security for the family.
- Our mission is to bring additional net income into the family by providing high-quality fruits and vegetables.
- Our mission is to provide a comfortable living for our family and a base for other business endeavors in the local agricultural economy.

Goals (or objectives) are activities that must be completed in order to achieve the mission statement. Goals are planning statements written in specific, concrete terms against which actual events can be measured. Some example goals for fruit and vegetable producers are:

- Increase overall return on investment by __% for the next fiscal year.
- Increase sales of a specific product by __% for the next fiscal year.
- Increase market share by __% in "X" market by December 31, 20__.
- Increase sales volume by __% in selected regions or territories by a specific date.
- Prices should yield a minimum contribution margin per unit of __%.
- Increase manpower training by __% by a specific date.
- Achieve advertising/promotion goals (reach, awareness) in a specific market for the year.

Some questions to ask when evaluating goals are:

- Are the goals stated clearly and concisely? Are they measurable? Do they have deadlines?
- Are the goals consistent with the mission statement?
- Are the goals specific enough to develop objectives and strategies?

The mission statement and goals are the base for the other sections of the business plan. Therefore, these must be carefully considered so that the other areas of the business plan can provide the needed directional information.

Marketing plans

Marketing plans describe strategies needed for the operation to achieve the specified mission and objectives. The marketing plan is influenced by the producer's understanding of industry and economic conditions, current market competition, target markets, and marketing mix (product packaging, advertising, promotion and pricing).

For fruit, vegetable, and specialty crop producers, **industry and economic conditions** usually are best described by preparing a general overview of current production, market

levels and financial situations. A description of industry and economic conditions can help a producer determine if there is enough demand to support increased production created by new producers. When evaluating market conditions, producers might consider (1) additional market competition, (2) the length of time required to become established in a market, and (3) the vulnerability of other producers. For direct markets, such an effort could focus on a certain town, county or area of the state and the current levels of production and consumer demand.

When developing a marketing plan, producers should consider the **competition.** Producers should identify the competition's strengths and weaknesses and use that information to develop market strategies. The marketing strategies should take advantage of the competition's weaknesses and differentiate the producer's operation from the competition's. Some producers have found it advantageous to develop strategies that band producers together and use each other's strengths to attract customers to their markets. Some things producers should consider when developing marketing strategies include current levels of production, barriers to entering the market, establishment time and services that might prove valuable.

A **target market** is the group of consumers or wholesaler buyers to which the product being considered will be marketed. A target market may be a certain type of consumer or a geographic area. The fruit and vegetable producer might consider targeting the typical or most common types of consumers in a geographic area, a specific consumption group, or the customers of a particular roadside stand or farmers' market through which the producer intends to market. Direct marketers must bear in mind that today's consumer generally does less canning and freezing. The societal shift towards two-income families means that time is a critical factor for most consumers. So the direct marketer must ensure that consumers view the "experience" as worthy of their limited time by providing the appropriate levels of quality, value, service, convenience, and selection.

The **marketing mix** is a key part of the marketing plan. Marketing mix deals with product selection, price, promotion and packaging. Some fruit and vegetable producers may not need to be overly concerned about promotion, packaging or pricing if selling through non-direct markets (packing houses, grocery stores, cooperatives or terminal markets). However, if producers want to differentiate their produce or use direct markets (pick-your-own, farmers' markets, roadside stands) to sell their produce, marketing becomes very important since producers will deal directly with consumers. Local newspapers and radio stations can be an inexpensive source of promotion and advertising that can provide profitable results.

Product packaging and display are critical for producers who sell their products at farmers' markets or roadside stands. The eye appeal and neatness of a produce display or package of the product can often increase consumer sales and product preference. Quality and current market conditions help producers determine the price levels for their produce.

The information contained in a marketing plan can be used to prepare sales projections. Contingency plans (which anticipate possible marketing problems) also should be prepared with this information. Some possible problems that fruit, vegetable, or specialty crop producers should consider are quality problems, loss of contractual agreements, distance to markets or reduction in pick-your-own customers. It is recommended that marketing plans be made for at least 3 years. The first year's plan should be prepared on a monthly basis and the remaining years' plans on a quarterly or annual basis depending upon the producer's needs. For some crops where the season is relatively short, weekly production and marketing plans should be developed. Contingency plans for the anticipated volume fluctuations that can occur under varying weather conditions should also be developed.

Production and operation plans

A production and operations plan describes in detail the entire production process for an operation, including input quantities and prices, labor, facilities, and equipment requirements. Production and operations plans also should identify potential production problems (insects, weeds and constraints caused by soil, water or crop variety) and management solu-

tions. Production and operations plans should be consistent with the timing, cropping and special market considerations described by the marketing plan.

To complete a production and operations plan, producers should collect information about input levels, crop yields and corresponding prices. The amounts of inputs required, the costs of inputs and information on expected yield can be obtained from UT Agricultural Extension Service enterprise budgets. Producers also should check with local sources about needed inputs, including labor and equipment. The prices charged and the services provided by input suppliers should be compared. Yield information can be obtained from various sources including other farmers, local Extension personnel, and trade publications.

Commercial horticultural crop production in Tennessee generally requires some degree of irrigation. Even in areas where annual rainfall exceeds 40 to 50 inches, necessary quantities of rain may not fall at just the right times to allow timely production of appropriate quantities and qualities of horticultural crops to fit market windows. Carefully managed crop irrigation can facilitate timely production and quality control as well as high yields.

Irrigation can be accomplished with either surface or ground water systems, depending on available sources of water. Many application techniques can be used (flood, furrow, high pressure sprinklers, low pressure sprinklers, drip). The technique most appropriate for each production situation depends on many factors, including crop, soil, slope, available labor and available capital. Producers can contact the Tennessee Agricultural Extension Service for more information and assistance in planning irrigation systems.

Labor in fruit, vegetable, and specialty crop operations can be costly, depending on the local sources and types of labor. Although the quantities of labor needed vary for every fruit or vegetable enterprise, most crops require large amounts of harvest labor. The crop and the acreage devoted to it determine the total quantity of labor required. Small fruit or vegetable plots may require a minimal amount of hired labor. Willing family members may be able to supply the total labor force for small operations. If the plot is larger or the crop requires more labor at certain points of production (planting or harvest), temporary labor may need to be hired. If the crop is to be a permanent part of production and returns are high or large acreage is involved, migrant labor can be an appropriate alternative and a justifiable expense. Migrant labor may involve many government requirements and regulations, depending on the nature of the labor contract, the number of people employed, the area of the country and the length of employment. Information on various production practices and potential problems can be obtained from various produce industry publications. The UT Agricultural Extension Service can also provide publications and enterprise budgets for selected crops.

With operations, labor and equipment usage information, producers can form weekly timelines. A timeline is a schedule that shows when certain production and marketing activities will take place. Timelines provide a visual aide to producers for allocating production time and resources. Enterprise budgets provide basic timing information needed to construct farm enterprise timelines.

Financial plans

Financial plans are used to estimate capital needs, to project future financial circumstances and to make decisions about financial actions needed to carry out a business plan. Financial plans are comprised of three parts — projected balance sheets, projected income statements and projected cash flow statements. A balance sheet shows the operation's assets and liabilities at a point in time. An income statement is used to evaluate an operation's profit level for a given time period. A cash flow statement is a summary of cash inflows and outflows for a given time period and is used to project amounts and timings of borrowing and loan payments. By developing projected versions of these three financial statements, a business manager can evaluate production and marketing plans and determine whether outside sources will be needed to finance a new horticultural crop.

Projected (*pro forma*) financial statements can be developed by starting with current financial statements and adjusting them for

future plans based on conservative interpretation of marketing plans and production and operations plans. A reasonable first step in this process is to estimate short and long term borrowing needs and develop a projected balance sheet as of the start-up of the new enterprise(s). Then new operations can be conservatively projected and projected balance sheets, income statements and cash flow statements can be developed for sequential time periods in the future.

Preparing projected financial statements for short time intervals into the future (called pro forma statements) can provide very good planning information. Cash flow statements should probably be projected for monthly intervals for the first year of an operation embarking on new horticultural enterprises. It is useful to develop projected income statements and balance sheets for at least three to 12 months into the future.

Projected financial statements can be used as an integral part of contingency plans to address possible problems. Examples of problems that can be evaluated are discontinued financing, cash flow concerns, effects of different depreciation methods, or rapidly increasing costs for a certain input. Having contingency financial plans makes it easier to evaluate the possible solutions to problems. Your local county Extension agent and/or Farm Management Area Specialist (see http://economics.ag.utk.edu/fmas.html for a specialist near you) can help you prepare a financial statement and develop a financial plan.

Staffing and organization plans

A staffing and organization plan describes the personnel and organizational structure needed to support a projected operation. Personnel duties and responsibilities, accountability, recruitment, and training are considered in such a plan. The staffing and organization sections of development plans will be relatively brief for horticultural producers who will employ mostly family labor. However, if large numbers of seasonal employees (possibly migrant workers) will be needed in an operation, plans for procuring, supervising and supporting such labor should be developed as part of a staff and organization plan. It is important for a producer to know when and where seasonal labor can be found; how to arrange for such labor; expected labor costs; and what room, board, medical and other services must be provided to such laborers according to Tennessee labor regulations (see AE & RD 75, Tennessee Farm Labor Regulations and Legal Issues).

Management controls and contingency plans

Management control is the process of assuring that the organization's mission and objectives are accomplished effectively and efficiently. Management plans are used for planning, organizing, directing, coordinating and controlling the operation in order to achieve the mission and objectives. Controlling involves monitoring the business plan to ensure that it is carried out properly. The management plan should be developed with the idea that it is the driving force to see that the other areas of the business development plan are completed. The management system should provide information useful in monitoring the marketing, production and finance areas.

Contingency plans have been discussed in the individual sections of the business development plan. It is recommended that contingency plans be developed to deal with economic or industry condition changes that affect the operation of the business as a whole. General business contingency plans help make the operation flexible, since they are used to deal with situations that are not completely unforeseen but are not very likely to occur. Examples of problems are government intervention, death of a business partner, supply and demand changes, price changes, changes in consumers' preferences, changes in produce grading and quality standards, development of a new variety of produce, new technology, changes in length of growing season, or changes in marketing practices.

To summarize, a business plan allows producers to examine many facets of adding new enterprises to their current operations. A properly developed plan helps producers analyze all the effects of such a change. Such a plan will not only provide information about

the potential profitability of a new enterprise but also can identify questions that producers might not otherwise consider. A sound business plan is usually essential when financing must be sought.

Doing Your Own Market Research

Perhaps the most challenging problem in developing new enterprises is assessing the market. It is especially challenging for farmers who have not had an active role in marketing their products before. The first step is to understand that there it is not a crystal ball that can predict future markets with certainty. However, market research can provide information that will make projections about the future far more accurate, and it can help immeasurably in developing a successful marketing strategy.

It is also important to know that you don't need any specialized knowledge or advanced technical training to do useful market research. Like any other information gathering process, it is a matter of asking the right questions and looking in the right places for the answers. The goal of market research is twofold: (1) to project the volume of sales and the prices you might reasonably expect to achieve with a new enterprise (information you will need to analyze profitability and cash flow potential); and (2) to gather information about potential buyers and competitors that will help in developing a marketing strategy. Some important questions that can be answered through market research include:

- What is the total current size of the market for this product (or service) within a given market area?
- How many competitors are there for this market? What are their strengths and weaknesses?
- What type of buyer is being targeted?
- What prices can you expect to receive for a given size and/or quality?
- What trends do you see in consumption, competition and pricing?
- What are the characteristics of consumers in the target market (in terms of age, income, lifestyle, gender, etc)?
- What are they looking for and where are they looking for it? How can you do a better job than your competitors in meeting their needs?
- What proportion or share of the total market might you expect to capture?

Market research techniques

There are two general types of market research: primary and secondary. Primary research is anything that involves going out into the real world and gathering information for yourself — by observing people, by counting cars or pedestrians, or by surveys, interviews or other direct means. Secondary research involves studying data that has already been collected and published by somebody else. Chances are you will need to use both primary and secondary research to understand the market for your particular direct marketing enterprise.

Secondary Research. Despite the name "secondary," this type of research is described first because it is often the easiest and least expensive way to obtain market information. There are several important types of information you can obtain through secondary research:

- Population and demographic data provide information about the number of people within a given geographic area and their demographic characteristics, such as income level, age distribution, level of education, household size, etc. This is important in estimating the total size of the market and in knowing how many of what type of customers you have access to. Demographic trends within your area also can be analyzed from Census data.
- Information about your local and regional economy is usually available from local economic development agencies or local chambers of commerce and can tell you the numbers of various types of business establishments, the availability of support services and credit sources, and the zoning and other regulations which may affect your marketing strategy.
- Production data can sometimes be found for your region as well. It will show the existing level of production of the product or service

you are considering, as well as production trends. However, if your idea is new or that product is simply not a major commodity for your region, there may be little information available.

- Consumption data shows the per capita level of purchases by consumers for a given product or service. Again, this information may not be available for your particular enterprise.

There are numerous sources of secondary data including the Internet, the UT Agricultural Extension Service, public libraries, the Census Bureau, local Chambers of Commerce, local transportation departments, planning boards, economic development agencies, and the Tennessee Department of Agriculture. Extremely useful information often can be found in the most unlikely places. In fact, the most difficult aspect of secondary research is figuring out where to find the information you need.

Primary Research. Because you are unlikely to find all the answers to your marketing questions using secondary data, plan on rolling up your sleeves for some real do-it-yourself research. Primary research is especially important when you are considering an innovative enterprise, a new market, or a very small or localized market for which there isn't much published data.

Good primary research can be extremely elaborate, sophisticated and expensive, but it can also be very simple and inexpensive. Having a small budget is no excuse for not conducting marketing research. It just means you will need to be creative in developing the most cost-effective method of collecting the information you need. Some common methods for conducting primary research include the following:

- **Observation**. Observation involves counting the number of things or events that may be relevant to your marketing situation (e.g., the number of roadside stands within a 30-mile radius of your farm, as well as their specific locations, product lines, number of customers per hour, rate of traffic flow past the stands, rate of traffic flow past your own farm at various times of the week, etc.).
- **Written surveys.** Surveys can be used to solicit information from potential buyers about buying patterns, preferences, unfulfilled needs and wants, and other questions that may have an impact on marketing success. For example, growers would do well to survey their existing customers to find out how often and in what quantity they would like to purchase fresh produce next year. Growers might also use the survey to find ways to improve their service to customers. A survey must be very carefully designed to yield useful information, and the distribution of the survey must be well planned to avoid biasing your results. Some tips for good survey design include:

❖ Keep it short. A single sheet of paper printed on two sides is usually plenty.

❖ Phrase your questions so that you receive clear-cut and meaningful answers. For example, instead of asking, "Would you buy more products from us next year if they were available?" growers might ask, "How many pounds of tomatoes would you expect to purchase from us each month between June and October?"

❖ Use multiple choice questions rather than open-ended questions whenever possible. This makes it easier both to fill out the survey and to analyze the results.

❖ Don't be afraid to request personal demographic information. For example, information about your respondents' ages, income levels and areas of residence can be very valuable. You may even want to ask for an address for your mailing list. However, most people are sensitive to the way in which this information is solicited. Be sure to ask for, not demand, the information and explain how it will be used (e.g., "to serve you better"). Provide multiple-choice categories or ranges of ages and income rather than asking people to reveal their exact age and salary.

❖ The procedure used to distribute the survey is critical to determining how to interpret the results. For example, if producers want to find out about consumer interest in purchasing organic produce, they are likely to get very different responses depending on whether shoppers are surveyed at the local health food store or at the supermar-

ket. Either approach would be valid; just be careful about interpreting your results and making projections based on a particular sample.

❖ Test your survey on a small number of people first. You will be surprised how often your questions are misunderstood. Pre-testing the survey with a small sample of the target market usually points out improvements that can be made in the survey's usefulness.

- **Telephone surveys** are increasing in popularity. A well-administered phone survey can yield much information quickly, but can be relatively expensive. A grower might use a telephone survey, for example, to reach five roadside market operators within a 50-mile radius and inquire about their interest in fresh, flavorful produce, their delivery schedules, packaging requirements, and so on. In designing a telephone survey, follow the same principles described for written surveys but include only the most critical questions and keep them short. Work from a written script so that you are sure to ask questions consistently. Before calling, prepare a form for recording responses efficiently and always pre-test your survey on a small sample and make adjustments if needed. If this sounds like a lot of work, it is! Conducting telephone surveys has developed into an art itself, so working with a third party entity to conduct the survey may be advisable (but more costly).
- **Personal interviews** can be extremely informative and are the method of choice when dealing with a limited number of potential buyers. Personal interviews also can be used to sample potential consumers in a variety of situations. For example, a direct marketer could conduct personal interviews with their farmers' market customers rather than having them fill out a written survey. Again, the method used in selecting people to interview may affect (bias) the results.
- **Test marketing** involves offering your product or service on a limited basis in order to evaluate potential sales. Test marketing is especially important when your product is new and unfamiliar to most of your customers. A grower might conduct a market test as simple as offering tastes of organic produce to customers at a local fair or as elaborate as a three-month sales campaign in conjunction with a local roadside market. Test marketing will obviously be impossible until you are producing a product or service in some quantity. The best use of test marketing is to check the validity of your results from previously discussed market research techniques, to fine tune your marketing strategy or to gather better information on costs and returns. It is also a useful strategy when evaluating minor changes in your enterprise or when attempting to tap into a new market with a product or service you are already providing.

Evaluating the competition

A necessary component of any market research is a thorough assessment of the competition. Studying your competition will help you determine the volume of similar products and services already in the marketplace, the strengths and weaknesses of your competitors, and the various "segments" of the market—that is, the specific types of buyers being served by each competitor. This information may help you identify a "niche" in the marketplace where you can gain a foothold by outdoing your competition in serving a particular market demand.

There are a number of ways to learn about your competition. Visit your competitors' businesses, use their products or services, survey their customers or interview them directly if possible. Some competitors may refuse to share any information with you, but you may be surprised to find some who are quite helpful. They may have suggestions that can decrease direct competition or even be of mutual benefit.

Planning market research

Market research can be as complex and expensive as needs and budget allow. The following guidelines will help you keep your research targeted and cost effective. First, allocate a reasonable amount of your time and money to this effort and plan to work within that allocation. What is "reasonable" depends of course on your judgment of the risks and

rewards involved. Second, develop a list of specific questions about your market that you feel you must answer before proceeding to develop the new enterprise. Third, define the specific type of data you need to collect in order to answer those questions. Fourth, determine which of that data is already available from secondary sources. Fifth, determine what primary research technique(s) you will use to collect data which isn't already available.

If your plan appears to fit within your research budget, you are ready to implement it except for one important step: seek assistance! You can save a tremendous amount of time and energy by enlisting the aid of competent professionals, and you need not spend a dime to do so. You should be able to find a small business development program in your area whose staff can review your market research plans, suggest tactics, and even help in developing and analyzing surveys. You should be able to find a librarian who can help track down the secondary data you need. Your Chamber of Commerce or county Extension agent can help identify local resources available to help you in designing and carrying out your market research.

Unless you are able to hire a consultant, you will have to do most of your own marketing homework yourself. But with some planning, some assistance and some hard work, do-it-yourself market research will pay off in improving the odds of success for your new enterprise. Also, you will use the skills you have learned over and over as your direct marketing business grows into the future.

A Closer Look at Pick-Your-Own Marketing (PYO)

On-the-farm retailing (where customers harvest their own fruit and/or vegetables) is called "pick-your-own," "U-pick," or "pick-yourself." Pick-your-own, as we know it today, had it's beginning in the 1930's and 1940's as a result of several factors. One grower was forced to try customer harvest when poor prices in city markets resulted in losses on his sales. He didn't even get back the cost of containers and commissions when taking his vegetables to the produce market. Some pick-your-own operations were advertised out of desperation when migrant pickers failed to arrive on schedule. One grower started pick-your-own as a novel idea because people coming to his market stand asked to pick their own berries. He let them do it and discovered that the method had some advantages. Few early direct marketers actually planned ahead with pick-your-own in mind.

Popular crops for pick-your-own operations

Some of the most popular crops for pick-your-own operations include small fruits (e.g. strawberries, blueberries, blackberries), tree fruits (e.g. apples, peaches, pears), and vegetables (e.g. beans, tomatoes, sweet corn, greens, and peas). Other crops sold in this way include asparagus, beets, cabbage, carrots, cucumbers, grapes, gourds, okra, peppers, plums, pumpkins and squash.

Crop diversification

As in any type of direct market, the characteristics of potential customers must be analyzed including their buying habits, tastes and preferences, their distance from the market, and their income levels. The level of competition in the area also can dictate the crops and services producers are able to provide. Producers should identify the number of similar farmers in the area, the type of crops they produce and the services offered. Producers often can reduce competition by planting crops at different times. Long-season and early-season crops can be ideal for PYO operations, especially if there are a large number of operations in the area. Producers can provide several varieties of a particular crop to diversify their operations and increase customer satisfaction. This helps prolong the harvest season and provides a longer period of cash flow. Also, special events, services or products can be added to an operation to increase exposure and possibly gain market share. Some examples are workshops, fairs, recipes, plants, flowers, seeds, herbs and home-made crafts.

Crowd management

A basic decision you must make is whether to move people or to move the cars they drive to your farm. At Walt Disney World, an average of about 45,000 people visit the park every day. If they allowed cars to drive directly into the Magic Kingdom and park in front of the attractions, it would be pretty crowded and hectic. Instead, they move people. Attendants help you park in spacious lots and fill every space. Next you board motorized trams that quickly whisk you off to the main gates to buy tickets. On the tram, an attendant describes the main attractions, tells how much tickets cost, and explains other conditions of the entertainment area. After buying tickets, you can take either the monorail or the ferry boat to the Magic Kingdom. Then you are on foot. However, for an extra charge you can travel about the grounds in "antique" cars, "antique" trains or "antique" trolleys.

Customers may line up early in the morning waiting for your farm gate to open. You can let them enter and park their cars anywhere along the road, in the fields or among the trees in your orchard. It can be pretty hectic and confusing (traffic jams, cars stuck, cars lost, people lost). A second possibility is to locate parking areas near the fields to be picked and let customers walk into the field or to a centralized check-in point. The third choice is to park cars in one large, convenient parking area, direct the customers to a loading area, and then carry them on wagons or other vehicles to and from the field where they are going to pick. All three methods are commonly used on pick-your-own farms.

Highway traffic to pick-your-own farms can also be heavy, especially on weekends. Some growers hire uniformed, off-duty policemen to direct the cars at the entrance to the farm. They are efficient and the uniforms give authority and respect. Separate entrances and exits to the highway are desirable to help eliminate confusion and congestion. Parking is easier and quicker (and all the spaces are filled) when someone directs cars in the parking area.

Good farm roads, dust free if possible, are important. When cars are allowed to drive around the farm, field stations can provide valuable assistance. The attendant directs customers to the proper row, tree, variety, restrooms and exits. More baskets and bags are available there, too. There should be signs to direct people along farm roads to places where you want them. Clearly mark entrances and access roads with signs to point to the farm market if you are also offering customers ready-picked produce.

Many pick-your-own farms are small with relatively simple layouts. One parking area serves the entire operation. The customers walk directly to the field, orchard or check-in point from their cars. Some growers arrange parking lots near each field or orchard block to be picked. Signs or attendants direct customers from the highway to these parking areas, which may be different from day to day depending on the picking area. Parking along farm roads, in the orchard or in parking areas scattered about the farm takes a great deal of space, which may be valuable crop land. Parking and access roads can require as much as 10 percent of the crop acreage. Each grower must decide which provides the greater return — growing crops or parking cars — and then plan accordingly.

Check-in

At the check-in point, customers receive bags, boxes, baskets, picking instructions, brochures or perhaps an orchard (or farm) permit. Posted signs give prices, rules and other information. The check-in area need not be an elaborate permanent structure. Wagons, trucks and temporary buildings often fill the need along with fencing and signs.

The check-in point may be inside a shed, tent or other farm building. Signs should clearly indicate whether ready-picked produce is available also. Customers wanting to purchase it can then move out of the traffic flow where pick-your-own customers may be registering, getting their containers or receiving other information. Separate entrances, even in buildings, can help when crowds are large. Sometimes customers bring their own containers for picking, and it may be convenient to weigh containers at the check-in point.

The farm supervisor, manager or the grower often greets customers as they approach the check-in area or enter the field. Retired

persons familiar with the farm can do a good job. They recognize many people by face, if not by name. Some even try to greet customers in their native tongues. This friendly atmosphere is important in pick-your-own operations.

When the fields or orchards are some distance from the check-in point, customers are directed to a loading area where they can board wagons or trucks which carry them to the picking areas. On one farm a sign and full crate invite everyone to "Have an apple." Customers who visit the farm usually eat an apple anyway, so why not offer one? While people are boarding the wagons, the grower tells the customers how to pick an apple, what varieties are ready, what the picking conditions are and other information about the farm. And customers have a chance to ask questions. Signs, too, give important information about the varieties, uses, their picking dates and prices. Customers appreciate this extra effort; and it pays off in good relations, a better job of picking by the customer and probably higher sales.

Transporting customers

Growers should thoroughly review their transportation plans with their insurance agents. The kinds of vehicles used to carry people to the fields include:

- pick-up trucks
- large trucks with seats and steps
- ordinary flat-bed farm wagons (build a rail or barrier to prevent anyone sitting on the front of the wagon)
- two-wheel trailer wagons, some with enclosed sides, hand rails and seats
- large home-made wagons with two or three levels of step, storage and seating for 30 to 90 people

The driver can also provide valuable customer service by giving information about varieties, directions and costs, as well as answer questions. He must also be a policeman, making sure that customers pick in the proper field or trees. He must politely enforce the rules.

Some farms give wagon tours of the farm. One grower takes children on a wagon ride while the parents pick. The children are given an apple to eat as they eagerly look for Mom and Dad in the orchard. Some farms feature early or late season tours. The downside is that this can develop into a time consuming activity, especially with school groups.

Field supervision

Supervision of customers in the field varies greatly from farm to farm. Some have no field supervision at all, while others find it best to employ several helpers to direct, instruct and supervise customers. The numbers of field supervisors on pick-your-own farms may range from one worker for 5 acres up to two workers per acre, with an average being one worker for approximately 2 acres. Small farms average closer to one worker for each acre.

Some growers keep their customers in groups as they enter the picking fields. Field supervisors give instructions and a demonstration on where to find the produce and how to pick. Supervisors also assign rows, furnish baskets and urge customers to pick their plants clean.

Portable two-way radios can help field workers keep in contact with wagons or trucks and the home base so they can call for more pickers, containers or even help, if necessary. Although some may find it surprising, labor can be one of the largest costs for pick-your-own operations. One kind of labor (field helpers, supervisors, etc.) is often substituted for another (harvest and picking labor). Regardless of the type of labor needed, one of the greatest challenges for PYO operation is finding, hiring, and retaining competent seasonal help.

What attracts customers?

People today enjoy visiting farms and interacting with farmers. They may travel some distance, 50 or even 100 miles in extreme cases, especially where there are no other opportunities to pick fruits or vegetables. They often bring their own containers. They go into the fields or orchards and harvest the crop. They sometimes work harder than if you hired them to do the same work! They enjoy the country atmosphere. They like the fresh quality which gives them the best value for their dollar. More and more, pick-your-own is being considered a recreational activity for the family. However, direct marketers must consider carefully the characteristics of consumers

in their local trade area. Many have found that some consumers prefer farm-fresh fruits and vegetables and are also willing to pay a premium for those that are "pre-picked" for them.

Some farms have established roadside or on-farm markets along with pick-your-own sales. Small stands may be operated on a seasonal basis. It may be profitable to sell refreshments such as machine-dispensed drinks. Some "farm kitchens" serve coffee, donuts, pies, candy apples, ice cream and various other items. But remember, these sales require more customer assistance and increase supervision and clean-up costs. Growers must also consider zoning and local ordinances, as well as health inspection regulations when planning some of these retail possibilities. Also, be sure to ask your insurance company about product liability insurance coverage.

Customers appreciate good picking conditions. They like clean, neat fields with no weeds, good quality, good yields and different sizes of containers on hand (free or for sale). Most farms also provide some sort of bathroom facility. Common courtesies by a friendly staff go a long way toward making pick-your-own a success.

Many growers have a strong philosophy of selling only their main products along with the very basic courtesies and conveniences. They may not even provide fresh water on the farm and may not offer refreshments. They simply do not want to put up with the litter and trash that some of these items generate. Therefore, there is minimum interference with the business at hand. Some farmers go a step further. Their philosophy is "my business is pleasing my customers, so how can I do it better?" The first tendency is to have ready-picked produce available for retail sales. Some growers provide apples and other produce in bulk bins. Customers then have a choice of whether to go to the orchard or simply pick out of the bins.

Customers appreciate conveniences such as hand-pull wagons for transporting their bags. Other courtesies seen on pick-your-own farms include a place to safely hang your coats/hats, posted recipes and related merchandise such as eggs, potatoes, honey, sorghum and cider. One grower offers cider in the customer's jug ("fill your own") at a price savings.

Some growers work at selling the entertainment and recreation potential of the country and farm atmosphere. Several have called it "entertainment farming" or "agri-tainment." Inviting customers to linger on the farm and involving all five of their senses — taste, feel, sight, smell and sound — can increase their enjoyment. A pile of hay to jump in is a pretty simple pleasure for city kids, or a playground area can be fun for the children while the parents are picking. Day care or school teachers may use trips to the farm to teach children where their food comes from and how it is grown. A museum of old tools and equipment can be educational for all ages. Tables, swings, and picnic and play areas can add to the enjoyment of family visits. But when growers provide these extra services, the increased maintenance, policing and cleanup will undoubtedly increase costs. In addition, insurance coverage and premiums may be dramatically affected.

Children on pick-your-own farms

There are opposing viewpoints on allowing children to pick on farms with their parents. Some do not allow children to go to the fields and pick. They establish a minimum age of 12 or even 18. Growers may provide swings, a play area and a shady area for children. One grower has a few berries near the check-out point where a child can be taught how to pick strawberries. Each grower must decide what his/her policy will be. Most growers seem to strongly feel that pick-your-own is a family activity and that children should have a happy experience. In a recent survey, almost ninety percent of the customers said that pick-your-own was a worthwhile experience for their children.

Methods of handling produce

Quart and bushel measures are traditional with most growers and have been used for years in PYO selling. Some of the containers used include standard bushel baskets; cardboard bushel boxes (often wax-coated); half-bushel bags (plastic or paper); 2 to 6-quart cardboard hand baskets; and 1-quart berry boxes. Extra produce heaped on a standard volume container can vary from as little as 10 percent to more than 30 percent, depending on the method of handling (whether carriers are used, etc.). To help prevent excessive overfill,

some growers display an example to show customers what they expect to sell as a full container. The choices of dealing with overfilled containers are to set prices to account for a heaped measure and tell customers to fill the container; simply remove the excess; charge extra for overfill; take time to weigh the produce and charge accordingly; argue (and lose a repeat customer); or forget it (and lose money). Because of these potential problems, many growers have changed from volume measures to selling by weight. The process of weighing takes more time than simply counting quarts or bushels, but most feel that it is the fairest system for both the customer and the grower.

Products still sold by volume measure today include most tree fruits and berries, as well as vegetables such as beans, greens, peas and tomatoes. Cabbage, corn, peppers, pumpkins and squash are often sold as single items or by the dozen. Specialty crops such as Christmas trees are priced by the foot or at one price for trees in a given size range.

Some growers encourage customers to bring back cardboard trays for reuse (customers may reuse their own containers but growers should always issue new ones). Some growers give a credit for each tray that is refilled. This saves the grower the difference, which can be significant depending on the cost of the container. Wax coated, or preferably wax impregnated cardboard trays are best for reuse. They also hold together better in wet conditions. Other growers encourage reuse by printing the following statement on their trays: "Reusable container. Help us to hold the cost of our berries down. Bring back this container or send it with a friend."

Checking out

Checking out can be a simple operation when someone properly trained is in charge of counting or weighing the produce and collecting the money. Otherwise the checkout area can become congested, confusing and complicated. Careful planning and training of employees can go a long way toward eliminating problems that arise during busy, hot days. There are several kinds of checkout systems:

- drive-by checkout booth (or simply an attendant with a small table stand)
- drive-through shed to provide shade and protection from the weather
- portable building on wheels moved to a different field each day
- separate weighing and money collecting operations at different locations

Whatever the procedure, it is helpful and wise to keep the checkout as orderly as possible. One grower holds cars back in the parking lot, permitting them to exit one at a time through the checkout lanes to avoid congestion and confusion. A wireless telephone (or portable radio) at the checkout point, especially when remote from other farm buildings, can be a vital communication link in a time of need.

Recordkeeping for individual sales varies greatly. Some growers simply count the amount of cash taken in at the end of the day. Others keep simple receipts showing the amounts purchased. Some keep a multi-page form showing complete details of the purchase such as the pounds, price, total charges and sometimes the address of the customer.

Pick-your-own farms sell in large amounts compared with many conventional produce markets. Some growers feel that their customers deserve a record of that purchase. There are several advantages for the grower, also, when the sale is recorded on a receipt. Receipts provide records of sales that can be analyzed as to day, amount, type of produce, weather, etc. This can aid in future managerial planning. Receipts might be used to record customer names and addresses, which could be valuable in advertising. Receipt forms, given to customers when they arrive at the farm, can also be used to record the number of containers given to a customer at check-in and can double as a farm entry permit or instruction sheet.

Communications

Growers use many means to inform customers about pick-your-own and how to use and enjoy the produce purchased:

- postcards or letters to tell when crops are ready to pick
- recipe handouts
- thunderstorm watch (to hand out in threatening weather)
- newsletter during the off-season to let

customers learn more about the operation
- handouts or flyers providing picking instructions
- map of the farm
- price sheets
- Christmas cards, gift certificates

Customers expect to find produce ready to pick when they drive to the farm and don't understand if the farm is closed and they can't pick. After all, the local grocery store is open every day. This is one good reason why many growers advise customers to phone ahead, but the number of calls can be staggering in highly populated areas. Many use answering machines with recorded messages because they are convenient. Several machines can be used in tandem so that a second one answers when the first is busy. The message may be changed several times a day. Messages recorded on such devices may include:

- greeting and name of farm
- the date
- crop(s) being picked today
- picking conditions (may be raining 20 miles away)
- a reminder to bring your own container (unless they are provided for the customer)
- directions to the farm
- price
- another phone number for detailed inquiries (The second telephone number can be very important when a customer has a reason to talk personally with the grower).

Labor

The amount of labor needed for the pick-your-own operation depends on the services offered, the length of the growing season, the distance to the picking site and the types of containers used. Most operations will need people for field supervisors and check station operators. If the farm offers only one crop throughout the growing season, then two or three people could supervise the entire operation. If the operation offers more crops or services, more employees may be necessary. These might include baby sitters or playground helpers, container distributors, and transportation operators. Often high school students can provide the supplemental labor needed.

It is a good idea to have employees wear some type of similar clothing to identify them as workers. Some examples are t-shirts, caps or bandannas with the pick-your-own logo or farm name on them. Identifiable attire can help customers easily recognize the employees and receive the assistance they need.

Even though it is expected that most of the produce will be harvested by the customers, some harvesting may have to be done by the operator. Some customers will not be able to pick the produce for various reasons, so some harvested produce can be available to sell to these customers at a potentially higher price. Also, there may not be enough customers to pick all the crop when it is ripe, so some of it may need to be sold through other market channels. A field supervisor or driver who picks while also helping customers may be all the harvest labor required.

Although small farmers are exempt from federal regulations on minimum wages, maximum hours and overtime pay, Tennessee labor regulations need to be considered (e.g. depending on the types and volumes of value-added products sold, it may not be clear whether the pick-your-own operation is considered an agricultural or a retail enterprise). Failure to comply with the law could shut down the business. For more information, consult the UT Agricultural Extension Service publication (AE&RD 75) entitled *Tennessee Farm Labor Regulations and Legal Issues* (located on the internet at http://economics.ag.utk.edu/pubs/resource/ae&rd75.pdf).

Liability

Producers increase their liability by inviting the public to come on their property to pick produce. Generally, producers should be concerned about the safety of children and older people who are more likely to be involved in an accident. It is a good idea to post a sign, "Not Responsible for Accidents," but this does not free the owner from liability. Adequate insurance is important to reduce these risks to a tolerable level. Producers considering pick-your-own operations should have their insurance policies appropriately adjusted. The liability policy should cover liability judgments; expenses in supplying relief at the time of an

accident; costs of defending against lawsuits; the owner's expense in the investigation, defense or settlements; and costs of court bonds or interest on judgments delayed by appeals.

Producers also can help ensure customer safety and reduce liability by fencing dangerous areas, keeping chemicals and machinery locked up or away from the public area, and keeping animals tied or penned away from production sites.

Characteristics of successful pick-your-own operations

In many instances, pick-your-own selling is often a family business with different family members performing many essential jobs such as hiring and training part-time employees, managing the payroll and record keeping, answering the telephone, stocking containers and other items in the sales area, and generally pitching in to count, weigh and collect money as needed.

Successful growers are well organized and good at assigning jobs and following up to see that the work has been carried out. Efficient growers do not rush from one place to another attempting to complete unfinished tasks in the nick of time. Many growers have no assigned tasks and help where needed as the day and crowd demand. The successful grower, too, learns how to handle large sums of money on a day-to-day basis.

Pick-your-own appears to have promise (in most areas) as a profitable method of selling crops directly to the consumer. Growers should have good locations, grow the best quality and be able to cope with the problems concomitant with crowds of people. General advantages of pick-your-own operations for producers include:

- The requirements for harvest labor are reduced.
- Grading, packing and storage costs are eliminated.
- Producers receive payments for the produce directly, eliminating middlemen.
- Container costs are reduced if the customer provides them.
- Price variability risks are reduced and producers have more input into the final price.

On the other side of the coin, potential disadvantages of PYO to the producer are:

- Producers assume liability for any accidents.
- Pick-your-own operations require long hours during the harvest season.
- Producers must assume retailer services and responsibilities.
- Bad weather or lack of customers may adversely affect returns.
- Customers must be attracted to the picking site.

A Closer Look at Roadside Stands

Roadside stands or markets are direct marketing sites where growers sell produce directly to consumers. Roadside markets vary from small stands selling one or two products on a seasonal basis to firms selling a diversified product mix. The roadside stand is usually located on or near the farm or orchard and the produce sold may be grown exclusively on the farm or may be purchased from outside sources. A roadside stand may be open only during the harvest season or throughout the year, depending on the type of produce marketed and the supply sources. Facilities may include elaborate permanent structures or mobile units such as trucks or trailers. Generally, a permanent, year-round roadside produce business is referred to as a roadside market.

Producers use roadside stands to help supplement their incomes, provide employment for family members and dispose of extra produce. Besides the possible financial benefits of establishing an outlet for produce, producers may also enjoy the customer interaction, receive a sense of personal pride and independence, and gain satisfaction from growing and selling high quality fruits and vegetables.

Consumers shop at roadside stands in order to purchase fresh, flavorful, high quality produce in a convenient, friendly atmosphere at a reasonable price. Besides quality and price, other factors that draw people to roadside stands are convenience, advertising and recreation. Some problems consumers experience shopping at roadside markets are the distance to the market, heavy traffic, variable quality and the inconvenience caused by out-of-stock produce. If producers can solve or minimize these problems, then repeat customers may be established for a market.

Sales potential

When producers consider the sales potential for their stands, they should consider the number of potential customers, the competing businesses in the area and the traffic flow. Some population factors growers should consider include age, income levels, family size and ethnic or racial mix. Some common characteristics of roadside stand patrons include:

- They usually travel less than 15 miles to the market.
- They shop at the market at least twice a month.
- The average shopper is middle-aged and from a two-person, middle income household.
- Shoppers usually learn about a stand from driving by or from satisfied customers.

Producers should consider the number of similar businesses in the area and how they compare to their operations. In addition, they should consider the level of customer interest and whether it is sufficient to support several stands. Often several markets can benefit from the competition and operate profitably in the same general area. But in order for several stands to operate in close proximity, there must be considerable traffic flow. As long as traffic moves slowly, sales may increase as the number of cars that pass the stand increases. However, there is an inverse relationship between sales and the speed of the passing traffic. Roadside stands are generally more successful when the average highway speed is 45 miles per hour or less.

Hours of operation

The business hours that a roadside stand keeps depend on the operator and the amount of produce available for direct sale. Some roadside stands operate seven days per week for eight to 10 hours per day, year-round. However, some stands are only open selected days such as Friday, Saturday and Sunday for five to eight hours from June to late October. The highest customer traffic generally occurs on weekends, particularly on Saturdays.

Location

The location of a roadside stand can greatly influence its profitability. Very few market locations are ideally suited. Some variables to consider when evaluating sites are traffic count, population density and composition, zoning regulations, distance from customers and competitors, the type of produce to be offered, and the relative price or rental rate of the land. Since land prices in most of the more favorable locations are likely to be more expensive, this requires careful forethought as to a product mix that can generate and sustain economic profits.

The more successful roadside stand sites are located near customers and are easily visible from the road. Normally, a level stretch on the right-hand side of the road heading toward town has the most promise as a market location. A stand close to a city may have a higher weekly sales average than a stand in a more rural area, especially if the road is a busy, main thoroughfare to and from the city. However, in higher population areas, consumers will travel a shorter distance to a stand (approximately a 15-minute boundary for travel time to the market).

Availability of parking is another important factor that should be considered in selecting the roadside market location. Off-road parking is essential for the safety of both customers and users of the highway. A frontage road is not necessary, but the stand should have a safe, easy entrance that is visible from the road. The parking lot should be a well drained, grassy or graveled area. If the stand generates a large amount of traffic, traffic flow directions may be needed to assist in orderly parking.

Organized traffic patterns can make a big difference in the number of cars that can park at any given time. Three main steps an operator can take to fully use parking lot space include setting up definite entrances and exits, setting up one-way traffic flow and marking off distinct parking spaces for cars. These elements improve safety as customers enter, move through and leave the lot. They also eliminate confusion in the lot and allow for more parking space. However, the cost of setting up traffic patterns and marking off spaces needs to be considered. Signs will be required to direct

traffic and materials will be needed to mark off parking spaces.

Facilities, buildings and equipment

The facilities used to house a roadside stand do not need to be elaborate, but should serve operational needs. Essential facilities for the market are a sales area, adequate parking and roadway access. Some optional facilities are a cool storage area, restrooms, playground and a picnic area.

A market can be established in new or converted buildings. The buildings or stands must be neat, attractive and large enough for adequate displays with plenty of room for walking. The stand should always be in good repair and freshly painted with conservative colors. The floor can be of wood, concrete, clean shavings or sawdust. The roof should be sufficiently high to avoid excess heat radiation. The main purpose of the building is to protect the produce, employees and customers from the weather. When planning a structure, producers should consider the expected sales levels, the length of the season and the types of produce to be sold. From these factors, growers can determine the size of the building, the appropriate building design and the construction materials needed.

After evaluating their market expectations, growers may find that no permanent roadside stand structure is needed. If the grower has one or two items to sell, a temporary stand or a simple pole shed might be quite adequate. Regardless of the structure used, it is important to keep the rural image with a colorful, creative stand.

The amount of equipment needed also varies with the type of stand. A simple stand needs only a money box or a cash register and a produce display. Larger stands might also need scales, an ice machine, a cold storage unit and accent lighting fixtures. Some specialized equipment might be needed, depending on the type of market and the services offered.

Source of produce

Some roadside marketers sell only produce they have grown; others purchase from other area growers or even purchase from wholesalers. Some markets sell only one superior quality product during the harvest season. However, some growers who specialize in a single product do sell small volumes of other products. Having several products exposes consumers to more produce and can result in increased sales. In either type of stand, consistent, high quality produce is necessary to establish repeat sales.

Displays

Attractive displays give your market a good image and generate impulse purchases. The stand's design and layout can greatly influence display methods. Location of produce can influence the sales level of all products. Produce that is in high demand should be placed so that customers walk past less popular produce. Displays should also be planned so that the quality of fruits and vegetables is maintained. Some general practices which help maintain produce quality and create attractive displays are:

- Avoid direct sunlight and excess air movement.
- Keep leafy vegetables moist by spraying them or displaying them on a bed of ice.
- Keep displays full and at an easy-to-reach level.

The type of display also can influence the quality of the produce. Produce may be displayed in bulk or in pre-packaged form. Most on-farm customers prefer bulk displays rather than pre-packaged fruit and vegetables because it allows them to choose their own items and buy in volume. However, marketers must consider that after the events of September 11, 2002, some consumers may be leery of unpackaged produce items from a food safety standpoint and may actually prefer pre-packaged items in some cases. The primary problem with bulk displays is that produce may become damaged with continuous customer handling. Inconsistent quality or bruised produce can decrease sales volume. Pre-packaging produce maintains its freshness, reduces shrinkage, allows advance preparation, enhances appearance, allows for quicker shopping and maintains neater displays. However, pre-packaging produce may impair

the farm image of the roadside stand and deprive customers of their selection process.

Labor and personnel management

The manager of a roadside stand should be able to plan, organize and control the entire operation and its employees. Managers need to possess some merchandising and customer relations skills in order to have a successful roadside stand. Principal labor sources for most roadside stands are growers and their families. Additional labor may be needed for seasonal sales positions.

Employees do not need to be professionally trained sales people, but they should be friendly, helpful, alert and courteous. This kind of employee helps establish an atmosphere which generates repeat customers. Workers should be courteous and helpful to the customers when they first arrive at the stand. They should be able to distinguish the differences between the stand's various fruits and vegetables, intelligently discuss produce varieties and be honest about produce quality.

Legal considerations

There are many legal regulations and restrictions with which a roadside stand operator may need to comply. At the state level, health permits, licenses, sales taxes, weight and measure requirements, sanitary requirements, zoning, and right-of-way regulations need to be checked for each individual operation. These same legal considerations should be checked at the local level. Roadside marketers also should consider insurance required to cover accident and product liability.

A Closer Look at Farmers' Markets

Farmers' markets are a form of direct marketing in which producers come to a designated place to sell their products directly to consumers. Farmers' markets differ from other direct marketing operations in that growers share insurance, advertising and other marketing costs. Successful farmers' markets are very helpful in increasing the incomes of small farmers who participate in them.

Farmers' markets range from large, permanent facilities (such as the Jackson, Tennessee farmers' market) to a tent in a parking lot which is open for a specific time period seasonally or throughout the year. A market may be operated by a grower organization, by community development groups, or by state and local governments. Consumers come to farmers' markets for a variety of reasons, which generally include:

- They wish to take advantage of lower prices.
- They prefer fresher, higher quality produce.
- Farmers' markets offer a wide variety of produce to choose from.
- Produce is available in large quantities for canning and preserving purposes.
- They enjoy the market atmosphere and conversing with produce growers.
- They like to support local agriculture.

Producers who use farmers' markets usually fit into one of three categories: commercial (full-time) growers; part-time farmers; or hobby gardeners. Full-time growers use the farmer's market as a supplement to other markets. In order to participate in a farmers' market, producers need several items for setting up their stalls, such as a variety of high quality produce, selling tables, a cash box or register with change, a sales and tax record book, produce and price display signs, various containers, certified scales or other measuring devices, and sales people. In order to be successful at a farmers' market, producers need to attract customers to their stalls. It helps to talk with people as they approach the stall, be friendly and courteous, guarantee produce, use honest weights and measures, offer volume discounts, and hand out business cards with the operation's name and location.

Producers should carefully plan production for crops that are to be sold at a farmers' market. As a group, producers should try to have a wide variety of crops available as early in the season as possible. Growers also should try to have crops throughout the season that are normally found only at specific times so more customers will be attracted to the market and to their stalls. If a grower consistently supplies desired produce before other growers, then consumers will more likely patronize that stall.

Quality

Fresh, high quality produce is important to customers. Be sure the produce is clean and free from defects such as insect damage. Harvest timing and post-harvest handling are two important factors affecting the quality of the produce. Many producers harvest crops in the late evening before the market day or early in the morning on market day. The optimum harvest time for each crop should be considered. If evening is the only practical time to harvest and the crop may deteriorate before market time the next day, the crop should be placed in cold storage overnight. Some produce should be harvested before it has completely ripened since it may mature more at the market.

After crops are harvested, they should be graded according to size and quality and held under the best conditions available. Sometimes smaller or second quality produce (if properly identified at the market) may be happily accepted by buyers because it is quite adequate for canning or immediate fresh use. However, producers should not sell any produce that they would not use themselves. It is probably better for the seller to take any picked-over "junk" produce home than to move it at bargain-basement prices. Price cutting may cause ill will between the seller and the buyer and also between the price cutter and other sellers. A reputation for price cutting will soon develop and patrons will try to bargain even for first quality items. Also, severe price cutting late in the selling day may encourage buyers to wait for lower prices.

Displays at farmers' markets

Attractive displays are a great aid in selling produce. If at all possible, produce should be kept in the shade to help maintain quality and provide a pleasant shopping environment. The display should be off the ground so that customers do not have to bend over to inspect the produce. Elbow to eye level is a good rule of thumb to use for proper display height. Tables, platforms or truck tail gates may be used to display the produce. It is important to keep the display containers full at all times because abundant displays attract attention. When only a small amount of produce is offered, it is important to spread it out and use

the total amount of space provided to create the illusion of having more produce.

Color contrast in the display attracts customers' attention. For example, displaying red apples beside golden apples, red peppers beside zucchini, unhusked corn beside carrots or bell peppers beside yellow squash sets off the variety of produce available. Containers should be attractive and clean (wooden baskets are generally used), but they do not need to be given to customers after the sale. Paper sacks with the farm or market association name and logo can serve as a carry-out container and also as an advertisement. A good way to attract customers to the stall is to offer unusual items besides the normal fruits and vegetables. These might include cut flowers and plants, herbs, ice water, a sign or t-shirt with the farmer's logo, and recipes or preparation ideas.

Laws and regulations

The laws that apply to farmers' markets vary from state to state but may include weight and measure specifications; animal product regulations; labeling requirements; sales tax reporting; vehicle permits; and provisions for the food stamp and Women, Infants and Children (WIC) programs. It is very important that the market check state health regulations to see what types of products may be sold. Processed foods usually may not be sold. Sales tax requirements also should be investigated. Each producer may need to have a tax number, or perhaps the market organization may have a tax number and file the sales tax for its membership as a whole. In either case, producers must keep a record of the sales they make and the sales tax they collect and display a sign that explains to customers the sales tax charges. Liability insurance for accidents at the market or for product liability is also needed but is often very expensive for a market organization to purchase. Individual producers may be able to purchase the product insurance at a more reasonable rate than the organization can.

Major advantages to producers who sell at farmers' markets include:

- Producers have limited liability for customers since they are not on the farmer's premises.

- Parking space, restrooms and other facilities are not the farmer's responsibility. Public facilities are provided by the market.
- Attracting customers is a function of the market, and farmers do not have to worry about advertising individually.
- Since a number of producers (usually more than ten) sell at the same market, continuous supplies by an individual producer are not so critical.

Some of the disadvantages include:

- The time required to transport produce and sell it at the market takes away from the farm operation.
- Producers may have to rent stalls for the year when they need them for only a few weeks. At most markets, the producer can sell only produce grown on his farm.
- Market hours are controlled by the market organization and may not be ideal for producers; advertising, or lack of it, also is controlled by the market.
- Markets that are poorly located may not attract consumers, and peddlers may depress prices. This situation is particularly prevalent in the larger and older city markets.

Advertising and Promotion Strategies

Even if a market has the best quality product, service and prices available, it will not be successful if it doesn't attract an adequate number of customers. To attract customers, a direct marketer may need to employ some level of advertising and promotion. To many direct marketers, advertising and promotion costs represent a large expense for a seemingly invisible product, especially since there may be few visible short-run effects. However, many direct marketers do not realize the importance of advertising and promotion in increasing both patronage and sales. This section is intended to assist the marketer in developing an effective promotional strategy.

At this point, it is helpful to define the terms "advertising" and "promotion." They are often used interchangeably to refer to activities or special events conducted to increase sales or enhance the image of a product or market. For the purpose of this discussion, promotion is defined as those activities or special events (fairs, field trips, etc.) conducted to increase sales indirectly by enhancing the image of the product(s) or the operation itself. Advertising, on the other hand, involves efforts which are conducted to achieve a direct influence (increase) in sales, such as radio or newspaper advertising. Ideally, advertising and promotional efforts should always complement each other.

Should you advertise?

Unfortunately, the benefits of advertising and promotion for direct marketers have yet to be consistently demonstrated. Promotion of farm products appears to be effective in some cases, but not in others. To help determine when campaigns might be successful, other direct marketers (or market researchers) can be consulted about their experiences.

The potential for successful advertising and promotion is increased when products are clearly differentiated and are exceptionally fresh and of high quality. Advertising and promotion more often pay off when products are highly seasonal and in high demand; with new products or new product forms (e.g. value added products); with products that are uniform in quality, size and appearance; and products which are competitively priced.

One promotional tool that direct marketers may want to consider is the Pick Tennessee Products program. Pick Tennessee Products (PTP) is an ongoing marketing campaign of the Tennessee Department of Agriculture — a campaign to help consumers identify and choose Tennessee produced and processed agricultural products and to put buyers and sellers together. State marketing specialists travel across Tennessee, the nation and internationally to learn more about new markets and marketing techniques, to share Tennessee products with buyers, and to share good leads and prospects with members (see http://picktnproducts.org).

Promotion plan

If a direct market operator decides to conduct an advertising campaign, a comprehensive plan should be developed. The plan should be prepared with six to 12 months lead

time, be put in writing and be specific, with consideration given to the following:

- **Basic market information.** Collect and analyze data about competition, population, trade patterns, and product strengths and weaknesses.
- **Target markets.** Determine the nature (buying behavior) of potential customers based on the information collected above.
- **Objectives.** Determine specific, short-term objectives consistent with the long-term goals outlined in the business plan.
- **Alternatives.** Appraise and select advertising and promotion techniques to meet communication objectives most effectively and economically.
- **Budget**. Decide on the amount and allocation of funds needed to meet objectives.
- **Strategy.** Select techniques or types of media to be used and determine timing, frequency and coverage.
- **Evaluation**. Determine returns (net sales) of the advertising and promotion in relation to costs incurred.

Customer characteristics

Advertising is a means of communication; and to communicate effectively with potential customers, it is very important that the direct market operator know the characteristics of current and potential patrons. The advertising technique to be used should be targeted to the type of customer to be reached. For example, if the operator is placing local newspaper ads but finds out the majority of his customers are travelers from other areas, another type of advertising should be considered. Some questions an operator should ask about potential customers include:

- Are they low, medium or high income?
- Are they young, middle-aged or elderly?
- Are they local or transient?
- Are they blue-collar workers or professionals?
- Are they male, female or both?
- Are they rural or urban residents?
- Are they homemakers or working spouses?
- Do they purchase in large quantities (for canning or freezing) or small quantities?
- Are they tourists or travelers?

An understanding of these characteristics will provide needed guidance in selecting advertising techniques. It is also important to keep abreast of consumer trends in order to adjust product offerings and package size to meet the consumer's needs. Additionally, an operator could develop a brief survey to provide further information.

Advertising and promotion goals

It has been said that the purpose of advertising is to keep present customers while attracting new ones. Another goal of advertising is to build an image of the market in the customer's mind. Much of this can be done in the market at a minimum cost and may be more important than purchased advertising. A poor image can reduce sales if the market does not measure up to customers' expectations.

Everyone receives impressions and forms opinions about people, places, products and experiences. Market operators need to decide what impressions their customers will get and the opinions they will form when they visit the market. Remember, there is just one chance to make that crucial first impression. A direct marketer can measure the market's image by asking the following questions:

- Are the facilities neat and clean?
- Are the market and surrounding areas neat and uncluttered?
- Are the products top quality, fresh, clean and graded?
- Are displays neat, full and convenient?
- Are market employees appropriately dressed?
- Are sales personnel courteous, friendly and helpful to customers?
- Are management and staff constantly looking for ways to improve the market and benefit customers?
- Does management seek assistance from outside advisers such as Extension staff?

Increasing customer awareness about your operation is another possible goal, especially in terms of the market location, product availability or new uses of a product.

Establishing a budget

How much money should be invested in making sales grow? How should these advertising dollars be allocated? Financial decisions of

this type are some of the most difficult for the direct market operator. The amount one would like to invest in advertising and what one can be afford are seldom the same. Spending too much is not necessarily better than spending too little. The costs must be tied to the results, and having a predetermined budget can aid operators in determining and controlling the amount to be spent on advertising and in dividing it wisely among departments or products.

There are several ways to establish an advertising budget and each has its shortcomings and advantages. The Small Business Administration (www.sba.org) distinguishes among three basic approaches to budgeting: (1) the percentage of sales or profits method, (2) the unit of sales method and (3) the objective and task method. A market manager needs to exercise good judgement and caution in selecting a particular method.

Percentage of sales or profits. Percentage-of-sales is the most widely used method of establishing an advertising budget. Advertising costs are treated as a business expense just like labor and utilities. Therefore, advertising costs are related to the value of the goods sold.

Some businesses use a percentage-of-profits method for setting advertising costs. This approach has some shortcomings. Since profits are influenced by a variety of factors, this approach can make the budget much more variable and less correlated to the financial success of the business.

In the short term, a market operator might increase profits by reducing advertising expenses. However, such a policy is myopic and could lead to long-term erosion of profit. Using the percentage-of-sales method keeps the advertising in a consistent relationship with sales volume. Advertising primarily affects sales volume but also should affect gross margin if the advertising outlays are properly applied.

The most difficult factor to determine when using this method is obviously the proper percentage of sales to be allotted to advertising. One of the most common and best ways to answer this question is to find out what similar types of markets are spending. In recent surveys conducted at several regional and national direct marketing conferences, program participants reported spending an average of 3-5 percent of sales on advertising. Of course, a particular market may have reasons for advertising more or for advertising less than the competition. One may want to spend more on advertising than the competition and be willing to cut into short-term profits to do so. In any case, growth requires investment.

The percentage-of-sales approach is convenient, quick and easy. It ensures that advertising expenditures are not out of proportion with sales. It is a sound method for businesses operating in stable markets. Which sales data should be used to determine the appropriate percentage of sales? Sales can be determined as a percentage of past sales, of estimated future sales or a combination of the two. Past sales usually are on the conservative side, and estimated future sales figures tend to be optimistic. The combination approach provides a more realistic method during periods of changing economic conditions.

Unit of sales. The unit-of-sales method sets aside a fixed sum for each unit of product to be sold. It is based on the marketers own experience of how much advertising it takes to sell each unit. For example, if it takes 2 cents to sell a bag of apples and you want to sell 100,000 bags, you would plan to spend $2,000 to advertise. Thus, your budget is based on a unit of sales rather than on the dollar amounts of sales.

Unit-of-sales probably lets an operator make a closer estimate of what they should plan to spend for maximum effect. This approach is particularly useful for products whose availability is limited by outside factors such as weather. In this case, one would estimate how many units of product would be available to them and then estimate the advertising cost. Obviously this approach should only be considered by marketers who have extensive experience on which to base sound judgement.

Objective and task. The objective-and-task approach is the most difficult and least frequently used of the methods for determining an advertising budget. However, it is the most accurate method since it relates specific funds to the marketing task to be accomplished and to the volume of sales, so that profits and reserves are not drained.

To establish the advertising budget by this method requires a coordinated marketing program with specific objectives based on a thorough survey of the market and its potential. One should set specific objectives (to "increase sales" is not specific enough) and then determine what media will best reach the target market and what it will cost to run the number of advertisements it will take to increase sales. This process is then repeated for each objective. Totaling the costs will provide the projected budget. In doing this, marketers may find that they can't afford to do as much advertising as they would like. Therefore, it would be a good idea to set priorities among specific objectives and then adjust the plan to fit the available resources for advertising.

Allocating the budget

After determining your advertising budget, you must decide how it will be allocated. Some of the more common breakdowns are by departmental or product budgets, total budget, calendar periods, media and sales areas.

Departmental or product budgets. The most common method of allocating advertising dollars is by departmental budgets in which total advertising costs are based on the percent of sales by departments or product categories. By breaking down the budget in this manner, those items that require more promotion to stimulate sales can get the required advertising dollars.

Total budgets. Total budgets are usually the result of integrated departmental or product budgets. If your market has set an upper limit for advertising costs, then the various departmental budgets could be reduced proportionately. For small markets, the total budget may be the only one established. However, it should be divided into merchandise classifications for scheduling.

Calendar periods. Most business managers plan their advertising program on a monthly or weekly basis. Though the promotional plan and overall budget are for a longer planning period, a breakdown into shorter periods will give better control. The percentage-of-sales method is useful here to determine how much money to allocate for each time period. The standard practice is to match sales with advertising dollars. Thus, if the month of April accounts for 15 percent of sales, you might designate 15 percent of the total advertising budget for that month.

Another approach is to adjust the advertising allocation downward in some of the heavier sales months so you can boost the budget for some of the lighter months. This should be done only if marketers have good reason to feel that a change in their program would improve sales.

Media. The amount of money placed in each advertising medium (such as direct mail, newspapers, radio, etc.) should be determined by past experience, industry practice and ideas obtained from media specialists. Normally, it's wise to use the same sort of media that competing businesses use unless personal experience proves otherwise.

Sales areas. You have a choice of spending your advertising dollars in areas where existing customers live or in new outlying areas in an effort to draw new customers. In general, it's wise to do the bulk of your advertising in familiar areas since it is more costly to develop new markets than to maintain and more fully penetrate established ones.

A flexible budget

Any of the methods described above may be used to formulate and allocate your advertising budget. One method, a combination of methods or all the methods may be needed to meet your advertising objectives. Regardless of how you plan your budget, make it flexible so that it can be adjusted to reflect changes in the marketplace. To ensure advertising flexibility, you should have a contingency fund to deal with special circumstances. This might include such things as the introduction of a new product, special sales or unexpected moves by your competitors.

To summarize, your first budget will be the most difficult to develop, but it will be worth the effort. The budget will help you analyze the results of your advertising. After the first year you will have a more factual basis

for budgeting. Your plans and goals will become more realistic with each budget you develop.

Types of media

There are many types of media that can be used separately or in combination. Some of the more common ones used by direct marketers are word-of-mouth; point-of-purchase material; signs; festivals or fairs; direct mail; newspaper ads and/or feature stories, buyers' or consumers' guides (e.g. the Tennessee Department of Agriculture Pick Tennessee Products directory located at http://picktnproducts.org/fruitvegetable.html); exhibits; yellow pages; window displays at other retail sites; radio; bulletin boards; television; and Internet Web sites.

Word-of-mouth. Compared to other advertising and promotional techniques, word-of-mouth may be the least expensive but the most difficult to generate and evaluate. It cannot be purchased as can others but must be earned by continually satisfying customers. Satisfied customers will "sing the seller's praise," while dissatisfied customers will "shout the seller's doom." Thus, if sellers rely heavily on word-of-mouth advertising and promotion (as most direct marketers do), they must make every effort to satisfy customers. Most direct marketing activities will have a few customers to begin with but will need to attract more as the selling season progresses. Therefore, operators must cultivate the friendship and satisfaction of these potential word-of-mouth advertisers. Attracting customers by word-of-mouth can best be done by being tactful; showing interest in the customers and their families; and offering courteous service, high quality produce and reasonable prices. Customers should be given something to talk about and "brag on" to their friends.

Road signs. Road signs can be a great help to your direct market if they are used properly. They can be hindrances if they are handled improperly. Road signs usually produce the first impression of your market. If signs are appealing, neat and generally attractive, customers are much more likely to stop. If signs are unattractive and unkempt, your operation is likely to start with a bad impression that will be difficult to overcome. There are many things to remember when designing and developing your road signs. For example, the size of the signs that you use will depend upon the following factors:

- the type of customers you choose
- the amount of information you want to convey
- the number of signs you choose
- advertising competition (e.g. the number of signs already on the roadside)
- zoning regulations
- the cost of signs

The type of customers you choose as the target for your sales will influence the type of signs you use. If your customers are primarily transient, you might want to make your signs large to attract their attention. But if most of your customers are local and are aware of your market, smaller signs that merely remind them you are open will be sufficient.

The amount of information you want to convey to the motorist on the road sign will also affect the size you choose. A small sign crowded with information will not be readable from cars passing at a high rate of speed. The number of signs you choose to display also will affect the size you choose. For example, if you use "teaser" signs it may be almost as effective to use small signs as larger ones.

If your market is competing for advertising space with many other advertisers, and if a small sign would be overshadowed by others near it, it is probably advisable to use a larger sign if you can afford it. Zoning regulations and laws limiting roadside advertising may dictate the size of signs you display, if in fact signs are permitted at all. Rules and regulations regarding road sign display should be carefully studied before investing money in signage.

The cost of signs available to you may affect your decision. If there is little difference between the cost of large and small signs, you may wish to display larger ones. If the cost of a larger sign is much greater than the cost of a smaller one, you might consider displaying several smaller ones.

The initial road sign should, as a rule, be placed at least 2,500 feet from your market. After seeing the initial sign, the potential

customer must decide whether or not to stop at your market. When one is traveling at 55 miles per hour, there isn't much time to make this decision. Therefore, it may be a good idea to state the distance to the market from each sign displayed. Starting well down the road from the market and placing one or more signs between the initial sign and your market can help customers make their decisions. Marketers depending heavily upon transient customers rather than local trade should give sign placement and distance careful consideration.

Road signs showing the dates and hours the market is open are also important. A customer who has driven several miles only to find the market closed is quite likely to be angry. Much ill will can be avoided by making hours and dates well known. For roadside stands, signs that can be taken down or easily moved should be used.

A road sign giving the name and location of your market can be constructed so that individual panels listing the types of produce in season can be hung from the bottom of the main signs. These signs are not much more expensive than other types and are actually much more effective. For example, when strawberries and blackberries are in season, you can suspend the panel with strawberries from the main sign with small chains. The blackberries panel can be suspended from the strawberry panel. This system offers maximum flexibility and also allows your signs to give up-to-date information throughout your marketing season. The height of your sign should be planned to accommodate the largest number of panels you want to suspend at any one time.

Road signs shaped like produce items sold in your market and realistically painted can be effective attention getters. The name of the market can be printed on them or the distance to the market or both. A large picture (or clip art) of available produce may increase the potential customer's urge to buy. People often respond to pictures more quickly than they do to words. The size of letters used on road signs is also important. Seven-inch letters are visible from 200 feet or less while 12-inch letters with strokes 2 inches wide are easily visible from a much greater distance.

Direct mail. Direct mail is a good advertising medium for roadside marketers. It requires the collection of names and addresses of current and potential customers. The easiest and most economical way to do this is to maintain a guest register or ask customers to fill out a card. Other means would be through surveys, contests and coupons. The most important factor is that these mailing lists must be kept current. Direct mail can inform customers when specific commodities come into season or when the market opens. It can also add a personal touch to your advertising as it is a direct communication between the marketer and the customer. This helps to enhance your friendly image and set you apart from the competition. Direct marketers who are computerized may find it advantageous to conduct a direct mail campaign utilizing the e-mail addresses obtained from consumers.

Newspapers. Newspapers generally offer three types of advertising and promotional techniques: (1) the feature story, (2) the display ad and (3) the classified ad. Though different, they aim to achieve the same results. Each informs customers about who the seller is, where the location is, what items are for sale and what the business hours are. Most of all, the three methods tell customers that the marketer needs them.

The feature story with pictures may be the most difficult to obtain because usually no money is exchanged. It is probably one of the most effective means, however, of attracting customers to the market. While it is the operator's responsibility to entice the reporter into writing a story about the market, local county Extension agents can be helpful with their vast array of contacts. With today's consumer-oriented marketing, it is better to play up the advantages of direct marketing to the consumer than to capitalize on the farming aspects. However, freshness of product, courteous service and reasonable prices should never be overlooked in any advertising and promotional technique attempted.

The display ad is another effective means of catching the attention of customers and potential customers. It may help in obtaining feature story coverage as well. If an ad is used, considerable thought and planning should go

into the layout, and professional help may be needed. The newspaper staff may provide this service.

The classified ad, although much smaller in size and cost than the display ad, is designed to reach those potential customers who want to buy a farm commodity for home use and preserving. It is surprising how many consumers read the classified ads, and it is just as surprising to know how much information can be presented in such a small space. The classified ad staff will generally assist in the preparation of the ad.

Newspaper advertising can be effective if used continually throughout the season. Display ads should be used on a regular basis to announce new items or to announce an oversupply of one commodity. A logo, trademark or identifying print style should appear in the ad so that consumers will recognize and be conditioned to look for the ad on a regular basis. Many operators try a display ad and then shy away from it if the expected results are not achieved immediately. It takes repetition, however, to develop visual recognition as a conditioned reflex.

Buyers' and consumers' guides. Putting together a buyers' guide, directory or map will require group action. It can be done by a group of individuals, but it can be better handled by a formal group. With the formal group each individual has limited liability but still receives all of the advantages. Several types of directories, guides and maps have been used, but they contain the same type of information. That is, a good buyers' guide will include the name and address of each direct marketer in the area covered, the locations and directions for getting to the markets, a listing of commodities handled, the season of availability, the methods of sale, and the hours of operation. In addition to written descriptions, the guide may include a pictorial map, a county road map or a sketch of the highways, roads or streets on which the various farm operations are located. Thus, the consumer has all of the necessary information in one publication. The Tennessee Department of Agriculture maintains an on-line directory at http://picktnproducts.org/fruitvegetable.html.

Yellow pages. Many consumers like to let their "fingers do the walking" to seek out information regarding available markets. People often turn to the yellow pages as their first reference source when searching for products or services. These individuals have a positive interest in finding you and what you have available.

Radio. Radio is also used by many direct marketers. It has tremendous flexibility and allows sellers to select or target the audience to which their advertisements are directed. You do this by advertising on a particular station that your target customers listen to and at the time of day when they are available for listening. Staff at the radio station can assist with these decisions because they collect extensive data on their coverage. They can also assist with developing the actual radio spots. A radio advertisement usually runs from 10 to 60 seconds. Radio has the advantage of getting your message to the consumer quickly. This is particularly helpful when you have an oversupply situation due to weather or other factors. Rates vary considerably from station to station but are usually within the budgets of roadside marketers. The cost has to be balanced against effectiveness and timeliness as part of your total advertising plan.

Television. Television is generally more expensive than radio. However, having reporters do a feature story on some interesting and newsworthy aspect of your market may be a good investment. Direct marketers should visit local stations to learn what they have to offer.

Point of purchase. Point-of-purchase materials can help the customer decide whether to purchase an item, particularly if it is a new item. Flyers or cards can provide information such as price and suggestions for use. Recipes are very popular with many consumers. Brochures that give a history of the market, list local points of interest, explain cultural practices used in growing your produce and announce product availability can personalize the operation. Some of the best point-of-purchase advertising is the quality of the products, the neatness of your display and

the cleanliness and appearance of facilities. Taking care of these factors will boost word-of-mouth advertising and help to build your image.

Festivals. Some direct marketers stage festivals for advertising very effectively. Festivals usually draw large numbers of people and may gain additional advertising through feature stories. Some marketers conduct a festival once a year while others attempt to do one each month. Available time and resources may limit this approach, but they can be quite effective. Be sure to plan well and be prepared to handle very large crowds. Festivals can center around a commodity such as corn, peaches or strawberries, have a seasonal focus, or focus on events such as blossom time.

Labels. Labels on bags, boxes, jars and containers reinforce your market's name to the consumer. Potential customers see the label in the consumer's home and may be prompted to inquire about it. This provides an opportunity for word-of-mouth advertising.

Internet Web sites. Many direct marketers today find that a Web site increases the exposure of their operation to the general public. Not only is the Internet a valuable tool for delivering information about the direct marketing operation (e.g. when items are in season, directions to the farm, hours of operation, etc.), but the Internet can be a valuable sales tool as well (e.g. selling value-added products over the internet and delivering via mail).

Additional methods. There are many other ways to increase sales once the customer is in the market. An attractive display can result in impulse buying. Samples to taste can entice customers to buy. And a friendly atmosphere with courteous service may cause customers to stay longer. Once customers are drawn to the market, these techniques may also persuade them to return. Through well planned advertising, an attractive facility and personal attention aimed at satisfying the customer, the ground work is set for a successful direct marketing business.

Pricing Strategies

The cultural practices required to produce a marketable product are easier to define and understand than the principles governing commodity pricing. Pricing, although ultimately controlled by the interaction of supply and demand, is influenced by what people are willing to pay. In setting prices for a perishable commodity, particularly one with a very short marketing season, direct marketers cannot possibly consider all of the supply and demand factors because some of them usually become available only after the growing season. Thus, trial and error may be the best short-run pricing strategy; that is, if the product moves very quickly or very slowly, then the price is either too low or too high. Price adjustments can be made to change the pace and volume of sales.

The adjusted price may or may not cover all production and marketing costs and provide a profit. Another way of saying this is that the adjusted price may or may not give the seller a satisfactory return on land, labor, capital and managerial effort. Planning and research before production begins will help you decide what to produce, how much to produce, how much of the product at various price levels you can expect to sell, and whether or not those sales will provide adequate returns to cover all costs and yield a profit.

Break-even analysis is a useful tool for coping with this type of problem. Break-even analysis can determine the right price with respect to a given volume or the necessary volume with respect to a given price. To understand break-even analysis, it is necessary to understand fixed and variable costs. Fixed costs exist whether or not the farmer sells any merchandise. These obligations must be met regardless of sales volume. Taxes, insurance, salary, interest, basic utility costs, advertising and depreciation are all fixed costs. Variable costs are those that are correlated with the level of production and associated sales volume (fertilizer, agri-chemicals, etc.), so higher production results in higher variable costs. Price is set based on the income needed to cover fixed and variable costs and provide a profit.

As an illustration, consider that a grower has a single commodity to sell. His fixed costs amount to $300 per week, his variable costs are

15 cents per pound, and he is asking 25 cents per pound for the commodity. Each pound sold generates 25 cents, which will cover variable costs (15 cents) and contribute 10 cents toward the $300 fixed costs. This amount (10 cents) is called contribution-to-overhead (CTO). How many pounds must be sold each week to exactly cover all costs? To answer that question, the total fixed costs are divided by the contribution-to-overhead generated by each unit sold ($300 ÷ 10 cents = 3,000 pounds). Thus, 3,000 pounds must be sold each week to break even (income received is equal to all costs).

If, in this same situation, the seller anticipates a 40 percent margin for each item sold, this means that for every sales dollar, 60 cents goes for the cost of the goods (production costs) and the remaining 40 cents goes to overhead and profit. The breakeven sales volume will cover fixed costs, overhead costs and a predetermined profit margin. It can be calculated with the following formula:

Breakeven point = fixed costs ÷ contribution-to-overhead
= $300 ÷ 40 cents = $750 sales

Should prices be cut and produce sold at a 30 percent margin, then contribution-to-overhead becomes 30¢ of every dollar of sales, so:

Breakeven point = fixed costs ÷ contribution-to-overhead
= $300 ÷ 30 cents = $1,000 sales

This shows what happens when prices are changed. If by lowering prices sales can be increased by more than enough to offset the lower contribution-to-overhead, then it may pay to do so. On the other hand, a higher margin and higher contribution-to-overhead may generate greater profit because there is a lower breakeven point, even though total sales are less than at a lower price. One should be sure of the likely results before changing prices too much.

By treating a desired profit level as a fixed cost, the seller can determine the volume of sales needed to reach a profit goal. For example, if a profit of $100 per week is desired with a 40 percent margin between cost and price, the formula to use is:

Breakeven point = fixed costs and desired profit ÷ contribution-to-overhead
= ($300 + $100) ÷ 40 cents = $1,000 sales

A markup is calculated as a percent of cost, and margin is calculated as a percent of selling price. Either method can be used to establish prices. The following example illustrates the use of markups to determine prices where the cost of the item is 80 cents and the markup is 40 percent:

Selling price (SP) = cost of item + desired markup
SP = .80 + (.80 x .40)
SP = .80 + .3200
SP = $1.12

To use margin in price determination, the following formula is used:

Selling price = cost of item ÷ ($1 - sales margin)
If the cost of the item is 80 cents with a desired margin of 40 percent, then:

SP = .80 ÷ ($1 - .40)
SP = .80 ÷ .60
SP = $1.33

As a guide, most retail stores attempt to operate on a 35 percent to 40 percent margin on sales or a 50 percent to 100 percent markup on cost. An easy way to keep margin and markup straight is to remember the figures 20, 10 and 30. The 20 equals the cost of the item, the 30 equals the selling price, and the 10 equals 1/2 of the cost and 1/3 of the selling price. Thus, there can be a 50 percent markup on cost and a 33 percent margin on sales.

Regardless of costs and desired margins or markups, price must be competitive with other sellers. Supermarkets will "average out" on the produce counter by pricing some items lower than the cost of production and pricing other items on the basis of what the traffic will bear. With a large volume of produce, over a long period of time, this strategy works well. Very few direct marketers, however, have the volume to make this work satisfactorily. Some direct marketers price their produce somewhere between the current wholesale and retail prices. This is a workable system, but one's operating budget and competitors should be kept in mind as well.

Following a price leader is good if the competitor is knowledgeable. If his price is based on quality then this is a good strategy to follow. That is, price your high quality produce at one level and price lower quality items to meet competition. If sales volume should drop, however, prices may be too high. Some consumers expect prices to be lower at the farm than at the supermarket. There are probably just as many consumers, however, who define quality by freshness and to whom price means very little. If this is sensed by the operator, prices can be set to cover all costs plus a profit.

Marketers selling large volumes of produce for home canning and freezing may, at the peak of the season, change their pricing strategy to encourage the customer to buy in larger units such as flats of berries, boxes of tree fruits, or 20- and 25-pound units of vegetables. Examples of such differential pricing with berries would be 59 cents per pint, $1.75 for 3 pints and $6.50 per 12-pint flat. The pick-your-own price, on the other hand, might be 35 cents per pound. An example for sweet corn is a $5 per 5-dozen crate, 10 ears for $1, 13 cents per ear or two ears for 25 cents. Should the customer furnish the container, some price concessions might be made; yet if a profit is being made on containers that the seller provides, that is part of the business. The consumer's or marketer's time shouldn't be wasted changing from one container to the other unless a special picking container is furnished.

In addition to pricing strategies, certain pricing techniques have proven successful. Supermarkets use the rule of *7's* or *9's* (i.e., 19 cents, 29 cents, 59 cents, or 79 cents per unit). This seems cheaper in the consumers' minds than pricing in even numbers. At the roadside stand, however, *5's* are just as effective and save pennies (i.e., 5 cents, 15 cents, 25 cents, 35 cents, or 75 cents per unit). This technique permits specials to stand out. For example, by shifting the special items from prices ending in 5 to prices ending in 9, it is easy to show savings for buying in volume (39 cents or 3 for $1 saves 17 cents).

When considering specials, marketers should keep in mind the expected sales volume. For instance, mid-week specials may attract extra customers during a time when business is slow. Evening specials may attract the working people and increase sales volume during peak harvest. Clean-up specials may be posted near the close of a day's business, but sellers should be careful because some customers, anticipating price reductions, may put off shopping until late in the day.

Finally, sellers should watch the image of the business by keeping prices fair. To do so, they must know the costs of doing business.

Knowledge of costs will help keep the business profitable. Knowledge of customers will help in the decision of what and how much to produce and how best to market it. Production costs and competitors' prices will establish the lower and upper limits for pricing. Only the business operator, however, can control the quality, the volume to offer and the price to ask.

Summary

Direct farmer-to-consumer marketing includes any method by which farmers sell their products directly to consumers. Justification for establishing a direct farmer-to-consumer marketing outlet is based primarily on the producers' desire to increase the financial returns from farm production by (1) reducing marketing costs (and capture profits) attributed to intermediaries (middlemen) in the supply chain, and (2) capitalizing on the desire of consumers to buy (and willingness to perhaps pay a premium for) riper, fresher, higher-quality fruits and vegetables. However, if growers expect to receive prices similar to those at retail outlets, they must provide the same value of services consumers have come to expect from other retailers and wholesalers. At a retail store, the price consumers pay for produce generally covers the costs of producing, grading, packing, transporting, wholesaling and retail merchandising. To receive higher net returns, direct marketers must either provide the marketing services at a lower cost, provide services not available through other markets and/or eliminate certain unnecessary services.

Operators of small farms may find that direct marketing translates into additional income when there is insufficient volume or product selection to attract large processors and/or commercial retail buyers. Thus, direct marketing may be the only viable marketing alternative for small farmers. A substantial number of producers use direct marketing channels to augment sales to wholesalers, retailers and processors to reduce the risk of relying on a single market channel.

Although additional income is the primary motivation for direct marketing, several other factors may influence the producer's decision. Flexibility and the ease of market entry associated with direct marketing operations enable almost anyone with the desire and a few acres to become involved. Many producers favor direct marketing, especially pick-your-own operations, because of the reduced labor requirements associated with not having to harvest, grade, sort and pack produce. However, the most attractive aspect of direct marketing to some farmers is the opportunity to own their own business, be their own boss and do their own thing. This flexibility allows them to determine their own product mix and to balance this production between consumer demand and individual talents for selling and market management. Direct farm-to-consumer marketing allows many producers to capitalize on individual strengths (e.g., good location) to achieve increased income.

For Further Reading

The author would like to thank the following individuals and institutions for permission to adapt and use the following publications in the development of this handbook. Readers may also be interested in obtaining these publications for further information.

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COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS
The University of Tennessee Institute of Agriculture, U. S. Department of Agriculture, and county governments cooperating in furtherance of Acts of May 8 and June 30, 1914.
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