

AUGUST 2017

UNIVERSITY OF
MARYLAND
EXTENSION

Solutions in your community



extension.umd.edu/agmarketing

Ginger S. Myers

MARKETING SPECIALIST,
UNIVERSITY OF MARYLAND
EXTENSION

DIRECTOR, MARYLAND
RURAL ENTERPRISE
DEVELOPMENT CENTER

PRINCIPAL AGENT ASSOCIATE

gsmyers@umd.edu
301-432-2767 x338

MASTERING MARKETING



Photo Credit: Alden Jewell - Maier's Kew-Bee Bread Truck by Boyertown Body Works

Farm to Door—Should You Offer a Product Delivery Service?

Meal kits and delivery services seem to be the current “hot button” trends in direct farm marketing. Food tech is big these days. Blue Apron and the Amazon’s purchase of Whole Foods are just two examples of current of companies with pretty web design and polished communication strategies. But there are still questions about profit margins with the current delivery systems due to the perishability of fresh foods. Also, imagine possible food safety concerns over meal kits sitting on a hot front porch.

In the mid-20th century, a visit from the milkman was part of the weekly routine. He’d start his morning at a dairy, then head door to door with his refrigerated truck full of freshly filled bottles, changing out old empties for new. This delivery model thrives when there’s a stable route that can be continuously optimized as new deliveries are added. It doesn’t work whenever any variability is introduced; for example, if someone requested a different delivery time or wanted to order something different.

As more customers sample the convenience of a farm-to-door delivery, there’s going to be more opportunity for this type of service. There are already several successful “home delivery” farm products marketing models in Maryland. These operations have worked through most of their growing pains and most deliver individual products and not meal kits. Farms with successful CSA programs already include an abbreviated delivery system with scheduled drop site. With our proximity to dense customer populations in the region, there is certainly potential for more successful home delivery services to be developed.

There are several basic components to consider when offering a home delivery service.

- 1) Have a Q & A page explaining how to order and how the delivery will be made. If you confuse them; you will lose them. Be sure early on, customers understand how to purchase, how to pay, and when their products will be delivered.
- 2) Keep the ordering process easy. Have the products listed so that it's a point and click to add products to a shopping cart.
- 3) Use shopping cart software with and payment processing system that will send them a paid invoice.
- 4) Don't include shipping or handling charges. Research shows that 72% of all abandoned on-line shopping carts take place when shipping charges get added to an order. Instead;
- 5) Price items to be delivered slightly higher than items can be purchased at the farm. This is justifiable to recoup the handling and delivery fees. Most customers understand this and will be fine with it since no additional delivery fee is added to their invoice.
- 6) Remember that most food items are low-margin products so, inefficient customer-dictated routes can eat up all your profits. Consider having set route area or delivery days to control some of the mileage and time expenses in doing the actual deliveries. A central hub delivery, someone's home or business and a set time or; a hub and wheel design starting with your farm as the hub.
- 7) You'll need to have an email address where customers can contact you if something goes wrong, they want to change their order, or they want to return something.

Large or small, delivery costs will make or break the winners in the home food delivery business. It won't necessarily be the startup with the slickest design, but rather the food entrepreneur who perfects the most efficiency in their delivery models. Only your best quality products will keep customers re-ordering. We know customers love to shop, and we know people love to eat... now we just need to give them a way to do both without ever leaving their house.