FARMERS MARKETS TO FOOD HUBS
DIRECT MARKETING FOR SMALL FARMS
Farmers Markets to Food Hubs

- What will I grow?
- Where will I sell it?
- Who will buy it?
- How will they know about it?
- How much will it cost them?
- How much will it cost me?
- WHAT AM I EVEN DOING?!?
Direct marketing can be confusing!
Farmers Markets to Food Hubs

What is Direct Marketing

- All the steps between when the crop leave the field and the end consumer purchases it
- Typically results in higher value
What’s involved in direct marketing?

- Post harvest handling
- Building relationships with buyers
- Paperwork and accounting
- Telling the story of the farm and farmer
- Branding and packaging
- Promotion and advertising to the end consumer
Direct Market Options Include:
- Farmers Markets
- On Farm Retail
- Roadside Stands
- CSA
- U-Pick
- Food Hubs & Cooperatives
Farmers Markets to Food Hubs

- **Diversification**
  - Provides income at more points thru the year
  - Reduces farm risk
  - Reduces pest and disease pressure
  - Potential to reach more markets
Direct marketing isn’t for everyone…

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build relationships</td>
<td>Marketing skills</td>
</tr>
<tr>
<td>Higher prices</td>
<td>Customer service</td>
</tr>
<tr>
<td>Shorter distances</td>
<td>Changing personnel</td>
</tr>
<tr>
<td>No standard pkg.</td>
<td>Wide variety needed</td>
</tr>
</tbody>
</table>
Farmers Markets
Farmers Market - Advantages

- No requirements for sales volume
- No standard pack or grade
- Access to market information
- Springboard to other market channels
- Advertising and promotion
Farmers Market - Disadvantages

- Requires selling face-to-face
- Many small transactions
- High marketing costs
- Grueling market schedules
- Limited space for vendors
On Farm Retail
On Farm Retail - Advantages

- No transportation costs – customers come to the farm
- No standard pack or grade
- Experiential buying
- Provides instant credibility for “locally grown”
On Farm Retail - Disadvantages

- Requires selling face-to-face (or does it?)
- Location challenges
- Liability
- Many small transactions
- Can be capital-intensive to develop market
Roadside Stand
Roadside Stand - Advantages

- No volume, packing or grading requirements
- Test market for products
- Producers set schedule
- Improvement to farm’s marketing location
Roadside Stand - Disadvantages

- Location challenges
- Many small transactions and high marketing costs
- Requires selling face-to-face
CSA
Community Supported Agriculture
CSA - Advantages

- Can reduce grower risk and operating capital needs
- May reduce customer sensitivity to cosmetic defects
- Can help build sense of community and farm brand
- Reduces selling/marketing time during the production season
CSA - Disadvantages

- Requires intensive marketing
- Heavy reliance on word-of-mouth – risk of dissatisfied customers
- Requires careful crop planning & season extension
- Season-long agreement with customers
U Pick

Broccoli Nuggets!
No knife needed, just snap them off!
"They will taste just as good as the big heads of broccoli!"
U Pick - Advantages

- Reduced harvest and handling labor
- Lower equipment costs
- Potential for larger transactions and to sell lower-quality produce
U Pick - Disadvantages

- Requires excellent location or superior advertising
- Liability
- Staffing and supervising customers
- Potential for crop damage and reduced yield volumes due to improper harvesting
<table>
<thead>
<tr>
<th>Market Channel</th>
<th>Level of Production Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadside Stand</td>
<td>Relatively Low</td>
</tr>
<tr>
<td>Farmers Markets</td>
<td></td>
</tr>
<tr>
<td>U-Pick</td>
<td></td>
</tr>
<tr>
<td>On-Farm Retail</td>
<td></td>
</tr>
<tr>
<td>CSA</td>
<td>Relatively High</td>
</tr>
</tbody>
</table>
Identify the product and its market potential

Determine the processing needed for your product

Create a marketing package and message

Develop a plan to market and sell your product

To Market, To Market

http://farmmgmt.rutgers.edu/marketing/tomarket.pdf
What is a food hub?

“A business or organization that actively manages the aggregation, distribution and marketing of source-identified food products, primarily from local and regional producers, to strengthen their ability to satisfy wholesale, retail and institutional demand.” ~USDA
Food Hubs & Cooperatives

- Consolidated tasks: packing, storing, cooling, shipping, promoting, and selling
- Negotiating for better market terms because of volume and variety
- Buying production supplies (seeds, fertilizer, containers, etc.) in large volumes at lower prices.
- Access to larger markets
- Reduced marketing costs
Time food hubs have been in existence

- 20 or more years: 9 percent
- 15 to 20 years: 16 percent
- 6 to 10 years: 9 percent
- 5 years or less: 60 percent

Source: USDA Agricultural Marketing Service
Diagram showing the relationship between Direct and Wholesale sales channels:

- High Crop Diversity
- Low Crop Diversity
- High Customer Interaction
- Low Customer Interaction
- High Price
- Low Price
- Low Volume
- High Volume
- Low Post-harvest Handling
- High Post-harvest Handling
Wholesale & Retail Online Platforms

chesapeakeharvest.com ➔ Shop Wholesale | Shop Retail
Food Safety

- Selling into Wholesale Markets requires food safety certification
- Distributors want GAP
- FDA requires FSMA/Produce Safety Rule
https://attra.ncat.org/marketing/
https://www.futureharvestcasa.org/field-school/field-school-events
https://extension.umd.edu/agmarketing/market-outlet-tools/direct-marketing
Farmers Markets to Food Hubs

Elizabeth Beggins
elizabeth@chesapeakeharvest.com

Thank you...!