

“Farmers’ Markets, CSAs, and More: Marketing Considerations for Organic Producers and Processors”

Workshop description: There's no question that the organic sector is a growing industry, but one big question facing beginner farmers is: how will you market your organic products? Skill-sets and personality are two key facets of what will affect your marketing decisions, whether you choose to be the 'face' of your farm and operate primarily at farmers' markets, or prefer to work through other channels, like wholesale. Figuring out what works for you will help you plan your future farm around your own preferences. This session will review the benefits and challenges of 4 key marketing avenues: farmers' markets; CSA; wholesale and restaurant sales, to showcase the various options that may support your farm enterprise.

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My (Rowena) background is in farming. I've served as the Executive Director of Farmers Markets Nova Scotia (FMNS) as well.

We'll be looking at marketing today. We'll be evaluating 5 or 6 different marketing streams - not just in terms of how you'll make the most money, but also what kinds of marketing are suitable for your personality. Which are most effective for you?

Some things to consider:

- Potential sales per week (volume and \$\$): selling a million units at \$1 each is the same as selling 10 units at \$100,000. But they're very different sales experiences.
- Your skills: farming and marketing.
- The amount of time you spend on marketing (not just time at market or social media, but also talking to Sobey's, to calling restaurants, etc.) Time spent marketing is time *not* spent on farming.
- Return on Investment (ROI): How much are you getting on the time and resources you invest. It's an efficiency thing.
- Consistency of your market
- Interactions: how much you have with other human beings Some forms of marketing require a lot of time with people, and other types are much less direct. So, are you a people person?
- Spinoff potential speaks to the additional sales you can achieve through a marketing avenue. If you're at the farmers' market, you may hook a chef. That won't happen if you're at home relying on web sales and people

coming to you. 50% of life is showing up.

Rowena distributed a grid for evaluating markets, CSA, CSA/market, restaurants, distributor, and wholesale (big and small) according to each of the above criterion.

So, regarding **farmers' markets**:

Volume and income are very variable and seasonal and depends on geography and demographic of clientele. Your farming skills don't have to be highly developed ("you show up, this is what I grew, do you want it?") but your selling skills do. You'll spend a lot of time at the markets and you need to be "on" the whole time. That's not for everyone. The consistency is low, there's a lot of social interaction, and the possibility for spin-offs is good. Don't underestimate the business opportunities that exist by selling to other market vendors. If you think up the value chain, value-added, and complementary products, you might find some of your best clients there. And the convenience of dealing with each other at market is a cost savings and an incentive to work together. For example, breweries looking for hops; bakers, jelly makers, syrup makers looking for fruit, etc.

With **CSAs**, the volume is something you can set as high as you can accommodate. People are paying upfront, so the income is great... but you've in turn committed to them so your farming skills have to be really really good. You need to invest a lot of time and selling skills to get your shares sold, but once they're sold, you can stop selling maybe for the whole season. So the effort is upfront. If you're not well known, selling out those shares is near impossible - so step one should be farmers' markets and step two could be a CSA, taking your customers on board. The ROI is good, it's very consistent, but spinoff opportunities are very limited. In terms of social interactions - it depends on how you do this. It's flexible.

There is also ongoing marketing with a CSA as you do need to write newsletters, a blog, etc. and these are indirect sales as they keep customers coming back year after year as they feel connected to the farm.

Turn over of customers with new CSAs is commonly 50%. Even with really good, well-organized ones. Customers may stop altogether because they liked the idea but the reality didn't suit them, or they may shop around for another CSA which offers a more convenient drop off location and time, or has more of the content they are looking for (more potatoes, less fennel or vice versa!). In short, don't take it personally if you lose 50% of your customers each year for the first three or so years. Things should stabilize after that time.

With the **CSA/Market combination** (like the Greenbergs at Abundant Acres

Farm), you'll move a lot of volume - you can sell surplus at market if you produce it. Your time investment is still fairly high and your sales skills important - on these fronts it falls in between the pure market and the pure CSA strategies. With this method, there is MUCH better ROI and greater consistency than the Farmers' Market, and a better ROI than a CSA as it offers the opportunity to make extra sales at the same venue. Consistency is ideal, and spinoff potential is in between pure market and pure CSA.

You can sell more at the drop off location by setting up another table to sell extra produce both to your own members and passers by (not at the 'market' which implies also going to the farmers' market).

Restaurants are interesting. Selling to a single restaurant may not be ideal (time and resources invested in a single off-farm delivery), whereas selling to multiple restaurants can be great. Sometimes restaurants want wholesale prices, without buying wholesale quantities. But they can be very consistent. You can increase the marketing value by getting your name on the menu, which leads to lots of spinoff opportunities. Volume is highly variable from just ok to quite good. The money you make can be less than market and less than CSA, and the time can be high if they call up last minute with requests, which they often do. Your farming skills have to be quite good because they have high expectations for quality and consistency. (They want it how they want it.) Your selling skills have to be quite good to get in there, but once you're in they should turn into regular customers. The ROI can be good - better than farmers' markets - if the chefs don't turn over that often. One issue is the PR value that chefs and restaurants get from putting local farms on the menu, and keep them on once that product is no longer on offer. Consistency is a bit seasonal, but overall good. You can count on what to set aside for them. Low social interaction - maybe a bit of small talk.

Restaurants and small stores may take your excess produce that is left over from the farmers market, which makes your losses from the market smaller and takes advantage of being in town anyway.

With **distributors** you don't have to do the run into town, you can put that in the hands of a middle man who sets a delivery schedule. This is all a matter of preference. Some distributors take 25% and that's worth it to farmers - especially if the distributor is negotiating a good price for them - to spend that time focusing on other things (not travel, but other aspects of the business, or with families.) Distributors can also open up farmer-to-farmer, and farmer-to-retailer connections and sales avenues that wouldn't be possible otherwise because of distances involved.

With **wholesaling** - it's very exciting to get a big contract - but they are not beholden to their farmers, even with a contract. So, what do you do if your

wholesale client pulls out? It's not consistent, and often demands a high level of investment to specialize. But, you can mix some wholesaling into an integrated marketing plan and stay diversified.

There are BIG wholesale options such as Superstore or Walmart, which can be risky if a single client breaks a contract. However, if they are reliable they are a very consistent market with relatively high ROI, low human interaction and very little time spent actually marketing. However, the returns can be a lot lower per unit with a 40% mark down on their (not your) retail price.

However, wholesale to smaller retailers such as Co-op stores, health food stores etc can be much more profitable with them taking 15% or even 0% just to make sure they have fresh produce on offer to their customers. Always plan for 40% markdown however then if they want less it's a bonus.

Finally, be prepared to be flexible with your marketing plan just in case you don't sell enough CSA shares or your market sales aren't as big as you hoped. You may have planned not to sell wholesale or to restaurants, but be prepared to change your plans if new opportunities arise.