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Direct Marketing Strategies

Direct Marketing in Washington State

Direct marketing allows farms to sell their products in a variety of ways including from the farm, at a farm stand or U-pick operation, at farmers markets, through Community Supported Agriculture (CSA), culinary agritourism, Food Hubs, online/mail-order sales and even directly to restaurants, hospitals, grocery stores, food co-ops, and schools. While well suited for smaller, diversified operations, farms of every size benefit from direct marketing as a market diversification strategy.

According to the 2007 Census of Agriculture, 14% of Washington farms do some form of direct marketing. This is over twice the rate for the United States as a whole. In 2012, Washington State had more than 150 farmers markets with estimated sales of over \$50 million. We also have over 500 farm stands and over 200 CSA farms. And research consistently supports the consumer demand for buying fresh, seasonal, local products from farms that they know. To get started, this fact sheet includes a brief introduction to key direct marketing concepts and tools:

- Challenges and benefits;
- Getting started;
- Knowing your market;
- Customer lists;
- Consumer education about farming and products;
- Farm listings and farm maps;
- Social networking as a marketing tool; and
- Additional resources.

Challenges and Benefits

Direct marketing may not be for everyone. In addition to producing high quality products, you take on the full range of marketing, distribution and sales. Typically this is very time-consuming and labor intensive. The skill and science of knowing your market is critical along with being able to create attractive signage and displays. Often, farms must invest their time in educating customers and building relationships – all of which can be socially demanding. Weather and other risks may complicate the best laid plans. And, as sales are not guaranteed, cash flow can be uncertain.

However, for many farms, direct marketing is a viable and strategic option -- either as your primary marketing channel or a means of diversifying the sales outlets you use (which can reduce your overall market risk). One of the key benefits of selling directly is that you can set your own prices. And, depending on the direct marketing strategy, farms are typically able to capture the full retail value of their product. Likewise, the constant sales with immediate payment produce a more even cash flow. Not needing to size or grade products for a contract or wholesalers along with being able to sell in any quantities – from the pound to pallet – means there is less waste and greater flexibility. For some farmers, getting immediate and read feedback from customers about your products and

generating ideas for new ones is invaluable. And for those who invest the time, building relationships with customers who become loyal to your farm can be personally rewarding as well as good business.

Getting Started

Direct marketing starts with a solid marketing plan that is driven by your farm goals. It also relies on good information about production costs, supply and demand, what prices people are paying, what sizes they want, how frequently they would buy it, how much cash flow you need, and regulations for direct marketing. Yikes! This can be a real challenge as direct marketing does not have the equivalent of a commodity commission dedicated to tracking this information. Local farmers market managers, WSU Extension, WSDA, dedicated non-profits, and your customers and other farmers can be your best sources of information.

Direct marketing also draws heavily on specific skills and interests. On the production end, farms that direct market often manage a diverse range of products throughout the season, each with its own needs and timing. Direct marketing also tends to be highly social and can require a significant amount of time talking with customers and traveling to markets. Communicating with your customers is extremely important in direct marketing, so be sure your marketing plans include the costs of business cards, market signage, newsletters, Web sites, farm map listings, and additional advertising.

WSU's Cultivating Success and Ag Entrepreneurship courses can help you develop a marketing plan. The National Sustainable Agriculture Information Service offers a wealth of marketing materials online (www.attra.ncat.org) and will send them to you free if you call (800) 346-9140.

Knowing Your Market

Market research on consumer trends in the “sustainability” or “natural” customer segments has shown that people are looking for “authenticity” and “trust” in their food. The market segment called “Lifestyles of Health and Sustainability” or LOHAS focuses on health and fitness, the environment, personal development, sustainable living, and social justice (see www.lohas.com). When doing research, looking for the LOHAS reports may be relevant. The Hartman Group, located in Bellevue, does market research on sustainability, health, natural, and green niches. Visit their website for more resources including free newsletters and webinars on market trends: www.hartman-group.com.

Customers may want to know about your growing practices, what varieties you grow, where you get your seeds or starts, when you will be at the market, when products will be ripe, if you could custom grow a product, if you have seconds or bulk discounts, what forms of payment you take, and what recipes you recommend. It can be personal: seeking the “story” of your farm, your family history, how long you have been farming, how you got started, what your animals names are, and if they can come and visit. Answering customers' questions helps build relationships and trust. It is helpful to build this time and effort into your overall plans. And remember that relationships are two-way. These conversations can be built into your “market research” to get honest feedback on your products and ideas.

Customer Lists

Perhaps the single most important marketing tool direct marketers have is one they create themselves: their customer list. Knowing who your customers are and knowing how to reach them is a tremendous asset, especially in a field where relationships are prized. You can target your marketing efforts, create “special offers,” or send out seasonal updates. To start, collect your customers’ names, addresses, phone numbers and email addresses. You can build from there. To do this you will need some way to collect and keep track of this information. It could be as simple as a clipboard and 3x5 index cards. It could be with an Excel spreadsheet or database software. The key is to do it, do your best to keep it up to date, and then use it to communicate with the people who already like your farm and products. Electronic and online services can be useful for managing contacts and communicating with customers. Some are free and some require subscriptions.

Consumer Education about Farming and Products

Fortunately, Washington State has a network of small farm advocates and organizations that are dedicated to educating the public about our food system, the merits of local foods, nutrition education, and the community and environmental value of local farms. Through their publications several organizations put together these values as reasons for customers to buy locally grown food. Many organizations feature local farms to help highlight these points and “put a face back on food.” In addition, many communities have organized “buy local” campaigns which generate materials to educate the public and promote local products.

Farm Listings and Farm Maps

Adding your farm to local farm listings and farm maps helps customers find you. Many print and online farm maps are available in Washington. Some are free and some charge a fee. “Food Hub” (www.food-hub.org) is free at the introductory level, spans several states and is searchable by region or product. “Local Harvest” website is free and searchable by zip code. WSU has a farm finder on the Small Farms Program Web site. The “Puget Sound Fresh” farm guide is published annually online by the Cascade Harvest Coalition and is one of the largest farm directories in the state. The Tilth Producers of Washington also has an annual print and online directory. Northwest Agriculture Business Center (NABC) has a “farm network” online searchable by county and product. Many counties and regions have “farm maps” put together by local groups. Try contacting your local farmers market manager, co-op store, extension office, county agricultural program, local farm organization or Chamber of Commerce to find out how to get listed.

Social Networking as a Marketing Tool

The Internet can be an efficient marketing tool for promoting your farm and direct marketing your farm products. From “tweeting” to “You Tube,” the array of Internet communications options can be daunting even for tech-savvy businesses. With today’s technology, many of your customers will search the Web to learn more about your farm. So it makes sense to consider creating a Web site even if it is very simple. A few photos with your contact information can be enough to start your Web site. Some farms find it easier to start with a “blog.” A blog is like a Web site, but its content is

more like a journal with regular updates and entries organized by date. Foodies, farms and farmers markets all have created blogs to share what they do.

Social networking through sites like Facebook is another popular option. Facebook enables you to set up a free Web site, add photos and interests, and then invite other people (“friends”) to join or “like” your site. The effect is to connect to an endless number of people with similar interests, geography or other criteria. Every time you update your Facebook page, they are sent emails to alert them to new information. Social networking tools can be creatively applied to your farm, alerting customers about new products, promotions or daily life on the farm. The National Sustainable Agricultural Information Service (ATTRA) has an excellent publication “Social Media Tools for Farm Product Marketing” available at www.attra.ncat.org.

Additional Resources

- ATTRA – National Sustainable Agriculture Information Service: www.attra.ncat.org
- Cornell University’s Small Farm Program: www.smallfarms.cornell.edu/resources/marketing
- Drake University’s “Legal Guide to Direct Farm Marketing”: www.directmarketersforum.org
- Farm to School Toolkit from WSDA: www.wafarmentoschool.org
- Growing for Market: www.growingformarket.com
- Savor Washington: www.agr.wa.gov/marketing/smallfarm/savorwa.aspx
- UC Davis’s Small Farm Program: www.sfp.ucdavis.edu/marketing
- Washington State Farmers Market Association: www.wafarmersmarkets.com
- Washington State Tourism: www.experiencewa.com
- WSU’s Cultivating Success and Ag Entrepreneurship courses: www.cultivatinguccess.org

Recommended Fact Sheets

1. Networks for Washington State Small Farms
7. Insurance
10. Selling to Individuals: Buying Clubs to U-Pick
11. Culinary Agritourism
12. Selling to Grocery Stores and Food Co-ops
13. Selling to Restaurants
14. Selling to Schools and Other Institutions
15. Selling and Donating to Food Banks

For further information, to provide comments, or suggest a resource to add to this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2888.