

# Lecture 2 Outline: Roadside Farm Stands

## A. Roadside Farm Stands

1. Roadside farm stands are usually operated on the farming location by a single farm operation. Some farms are able to devote their entire production to a single farm stand outlet, but in many cases farms operate a retail farm stand in addition to other marketing arrangements such as wholesale, farmers' markets, or community supported agriculture (CSA). Other variations include multiple farms cooperating to grow for a single stand and off-farm stand locations.
2. Many of the specific recommendations for running farmers' markets also apply to roadside stands and are outlined in Lecture 1 Outline: Farmers' Markets

## B. Legal Considerations for Farm Stands

1. Before opening a farm stand it must be determined that such agricultural retail ventures are compatible with county or city zoning
2. Liability insurance must be secured prior to opening a farm stand. Most farm insurance policies can be arranged to cover retail sales from the farm premises.
3. Most towns require health inspections and scale inspections for retail food operations

## C. Structures, Displays, and Infrastructure for Farm Stands

1. A farm stand's appearance is critical to successful marketing
  - a. Farm stands need to be both functional for the grower/vendor and inviting to the customer
  - b. Structures should be attractively designed to fit into the farmscape. If possible, production fields should be nearby in order to create the association of purchasing with agriculture and farming, as many Americans have an appreciation for farming and rural life.
  - c. Structures should be as attractive as possible. Using wood construction, flower gardens, and landscaping can make your stand into an attractive destination.
  - d. If at all possible, locate parking areas to the side of the stand. Vehicles and parking lots tend to be unattractive. Try to arrange things so that parking areas do not dominate the landscape.
  - e. Locate stands in such a way that product can easily be moved from the packing area to the retail area. If possible, design everything to be at the same level or with ramps so that product can be moved easily using two-wheel hand trucks, carts, and pallets. If packing doesn't occur near the stand, design a loading area and back room to accommodate back stock and deliveries.
  - f. Walk-in cooler storage is generally necessary for storing back stock. Insulated cold rooms and old refrigerated truck bodies can both be good options.
2. Creating attractive displays inside the farm stand is one of the most important factors in a successful farm stand venture. See Lecture 1 Outline for produce display ideas.
3. Checkout systems at farm stands – Small stands often use self-serve money-box systems. This can work well provided customers are honest. Advantages are reduced labor costs for staffing the stand. Disadvantages are that there is no one to answer questions, assist customers, or watch and prevent theft. Larger-volume stands usually hire one or more people to stock and cashier.

#### **D. “Purchasing-In” Produce and Value-Added Products**

1. Some stands sell only produce and products grown or made on the farm. Many other farmers find that it is not economically sensible to grow all of the possible crops that ideally would be offered. Growers will therefore purchase additional produce and/or other products to supplement produce grown on the farm.
  - a. Example: Many small-scale farmers find it unprofitable to grow sweet corn on a small scale, but find that sales of other produce are compromised if sweet corn is not offered. In response, small-scale growers will often purchase fresh corn from other growers producing sweet corn at a larger scale and resell it at their farm stands.
2. When purchasing produce for resale, farm stand business owners must establish guidelines for sourcing products. Some local growers only purchase in certified organic or locally-produced products or both. Providing as much information as possible to stand consumers regarding the origin and growing practices is suggested, as many consumers now seek to support regional economic viability in agriculture.
3. Supplementing produce grown on the farm with other products can greatly enhance customer interest and therefore the economic viability of farm stands. E.g., bread, local honey, maple syrup, local milk, crafts, jams, pickles, etc., can expand the farm stand’s offerings. Some stands add a processing kitchen and make their own value-added products from farm produce (e.g., preserves), while others simply sell the products of other businesses. Another option is to rent space in a commercial processing kitchen in order to make value-added products for a farm stand.
  - a. Sales of product that is purchased and resold should be tracked and inventoried. For self-serve stands a weekly inventory of “grocery” type products can help keep track of sales categories. For staffed stands, a register system should be able to keep track of product sales by category.

#### **E. Pricing Strategies**

1. Establishing fair and reliable pricing strategies is essential for successful farm stand marketing
2. Defining costs of production – The most important initial consideration is to know (as accurately as possible) what your production costs are. Though often difficult to develop and maintain, a record system that gives production costs for each item should be created. Prices should be set to at least cover these costs. Don’t forget to account for shrinkage and other losses. Base yield expectations on long-term average yield information.
3. Mark-up – Provide a mark-up that covers the cost of either purchasing-in or growing a product, and then 30–50% for profit
4. Some farmers sell certain crops as “loss leaders” either at or below cost in order to attract customers, who then spend money buying other things that make up for the poor return on the loss leader

#### **F. Special Marketing Strategies**

Using special marketing strategies can help enhance farm stand marketing efforts. Using the web, providing farm stand membership options, and using pick-your-own crops in conjunction with the usual farm stand offerings are all options that can be added to increase direct market sales.

1. The world wide web/internet – The web is an important marketing tool. At a minimum, a basic web site that provides background information on the stand and farm, crops and seasonal information, hours of operation, and directions to the farm should be established. A web page should be linked with local farming nonprofits and related food groups. The web can also be used to allow pre-ordering of produce by customers, web-based bill paying, and sales of farm stand products by mail order.

2. Farm stand memberships – Farm stand memberships integrate the economic support of a community supported agriculture (CSA) project with the freedom of food choices of farm stands. This arrangement offers the consumer more options than a traditional CSA, while still providing the farm with guaranteed sales and up-front operating capital. Like a CSA arrangement, farm stand memberships also offer the consumer a feeling of involvement with and support of the farm.
  - a. How farm stand memberships work – Like CSA, most farm stand memberships involve the member paying a lump sum to the farm in advance of the season. The member then has credit that can be used over the course of the season. In most cases a slight discount is provided compared to the retail prices normally paid by customers. A careful record-keeping system is needed in order to keep track of the memberships. Sending a regular newsletter to members can be a good way to remind people of the farm stand and encourage the use of the prepaid credit over the course of a season.
3. Pick-your-own operations – Pick-your-own operations for popular berry, fruit, and other crops such as beans, peas, and pumpkins can be a profitable undertaking. For this to work the pick-your-own operation fields ideally will be located near the farm stand, or there will be a way to get people parked, to the field, and back out to the stand to pay. Cart or hay rides can also be used to transport people to the field, particularly in the case of apples or pumpkins, when the picking trip is often as much of an outing for the customer as it is a way to harvest food. Sometimes a separate pay station is established in the field, but this is not as useful at encouraging customers to also buy other stand products before or after they pick.

#### **G. Advertising and Customer Communication**

1. Advertising is an art as much as it is a science. Advertising is very often a sound investment in your business, as consumer awareness is key to developing, maintaining, and improving sales. Free and low-cost methods of advertising should be used as much as possible, and paid advertising should also be considered.
2. Signage – Good street signage is perhaps the most important initial advertising consideration for a farm stand. Clear signs that state the farm's name, along with specific product signs, can help get people into the parking lot. Before building signs, it is important to check with the town, as most towns have rules and restrictions about what size and type of signs can be installed. Types of signage include –
  - a. Trail blazing signs – These direct people from busy roads as appropriate. In many cases barns can provide a good space to install large signs with the farm's logo.
  - b. Changeable chalk board or magnetic lettering signs – These can also be useful for grabbing the attention of drivers, particularly if they are updated regularly
3. Writing a newsletter for customers can be a great way to communicate with them. Use newsletters to tell people about the farm, how to store, preserve, and prepare seasonal produce, provide recipe ideas, and highlight special events and crop availability. Newsletters can be sent to farm stand members, e-mailed to a larger mailing list, and also provided to customers at the stand. Different farms publish newsletters seasonally, monthly, biweekly, and weekly .
4. Providing recipes at the farm stand, particularly for less common crops, can give people ideas on how to cook vegetables and thus increase sales
5. Using the media to generate free press for the farm is an essential strategy. Learn to write a press release and send releases to TV, radio, and newspaper outlets. When the media reporters show or call, give them all of the attention and genuine farmer outlook that you possibly can. A good news story about your farm is worth much more than the same space devoted to paid advertising.
6. Paid media advertising should not be discounted. It can be a very effective way to bring consumers to a farm stand.

## **H. Off-Site Farm Stands**

1. In some cases a farm is simply too remote from a busy road or population center to successfully support an on-farm stand. In other cases an off-farm stand can help reach a wider market of consumers. Some farms have lots of machinery, pesticide residue, or other concerns that preclude having an on-farm stand.
2. Off-site stands can be successful if arranged carefully. Produce transport is the biggest obstacle. In some cases additional duplicative infrastructure such as property and phones will be needed. This may make the start-up process more capital intensive and financially risky than an on-farm location. Nevertheless, location and convenience for the consumer are of key importance in the success of farm stands, so locating off-farm might be worth the inconvenience in the long run.