

Retail Farm Market Benchmarks Survey
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John Berry
Penn State Cooperative Extension – Lehigh County
johnberry@psu.edu

Benchmarking is a common business management method employed when owners and managers are interested in exploring not only current business features but also how a business changes over time. A business may also be compared with others in the same industry as a means to gauge how it is reflected in the features of similar enterprises. Benchmarking is one tool available when we are considering the effectiveness of current business practices and facilities as well as if a business transition or expansion is being contemplated.

Few facts were known about the state of retail farm marketing before this study. The only research report on retail farm market characteristics for Pennsylvania that this researcher found was published in 1968. In order to assist those in the direct-to-consumer farm marketing sector a survey was undertaken late summer 2007 through early spring 2008. The target universe was any farm producer that sold their products directly to an end using consumer. Commodity-type marketers were excluded. The initial study was funded through a Northeast Center for Risk Management Education grant. Shortly after this funding was assured, additional dollars were secured from the Northeast Sustainable Agriculture and Research and Education program to expand the initial work from the study of Pennsylvania markets to also include markets in the states of Delaware, Maryland, New Jersey and New York.

In excess of 5,000 copies of a seven page, seventy-five question survey were distributed through a Penn State ag marketing web site promotion, the Pennsylvania Association for Sustainable Agriculture annual meeting, the Mid Atlantic Fruit and Vegetable annual convention, the Mid Atlantic Direct Marketing Conference, the New York Direct Farm Marketers conference, notices on several target audience listserves, inclusion in three major trade press publications and collaboration with key Extension Educators in the target states. The volunteer board of directors of the Pennsylvania Retail Farm Market Association not only served to critique the draft and final survey tool they were instrumental in promoting the project with peers. Poster displays, press articles and formal group meeting presentations in addition to direct mailing were the primary methods used to increase awareness of this project and solicit interested participants.

From November, 2007 through April 2008, 256 surveys (250 complete and usable) had been received back either through the postal service, fax transmission, email attachment or in person. Retail farm marketers from Connecticut, Delaware, Maryland, New Jersey, New York, North Carolina, Pennsylvania, West Virginia and Canada are represented by the data collected. The majority (78%) of returned surveys originated from markets in either Maryland or Pennsylvania.

Starting to shift through the surveys a few points are readily apparent. A wide majority (94%) of the markets responding both operates a production farming unit and retail their own product. Five respondents operate a farm, operate a farm market and do not retail their own product. Additionally, 195 respondents (78%) own a market facility

Our first set of questions centered on the type of retail farm marketing being used.

64% have a permanent roadside structure

Of these;

13% also have a temporary roadside structure,

13% also attend at least one farmers' market with a temporary structure,

16% of the total reporting markets have a permanent structure, and utilize self service in their market.

30% utilize a temporary structure at a farmers' market as one of their marketing methods. Temporary structures at a farmers' market were the only type retailing structure used by 4% of respondents.

5% farm retailers utilized permanent structures at farmers' markets. For 7 of these this was the only marketing outlet used. Additionally, 1 operated a farm but did not market their own product, and 1 did not operate a farm, so did not market their own products.

2% of respondents use a CSA with on-farm pickup

All of these also have CSA with off-farm pick up,

5 also use a temporary structure at a farmers' market,

2 have a permanent roadside structure combined with a CSA

Interestingly to me; 12% of these marketers replied indicating "other" as a structure/method of retailing. No method to solicit and record these methods was employed in this initial survey, so I am still exploring what these might be.

The next set of questions was on the physical size of a market. Data was collected on inside and outside sales areas and on number of vehicle parking spaces.

Inside sales area

(14% left this blank)

Of those reporting:

11% have no inside sales area and the average reported sales area for this group is slightly over 1,900 sq ft. The largest inside sales area of this survey was 30,000 sq ft.

Additional inside sales area groupings;

28% have less than 200 sq ft,

for 50% it's less than 1,000 sq ft,

for 73% it's less than 2,000 sq ft, and

for 97% it's less than 8,000 sq ft

Outside sales area

(32% left this blank)

Of those reporting:

The average sq ft is over 8,400 with 8% have no outside sales area.

For 33% their outside sales area is less than 200 sq ft,

for 59% it's less than 1,000 sq ft,

and for 72% it's less than 2,000 sq ft.

The largest outside sales area is 800,000 sq ft

Customer parking
(12% left this blank)

Of those reporting:

28% have 10 or less parking spaces,

37% can park between 10 and 20 cars,

14% can park between 20 and 30 cars,

15% can park between 40 and 60 cars,

19% can park over 60 cars

Average number of parking spaces is fifty-four.

(One survey reported 20,250 spaces, three reported 2,000 – these four were not used in these calculations)

Trying to gauge how long direct-to-consumer farm marketing had been practiced, we asked how many years respondents had been retailing farm products.

The range of years experience retail marketing farm products was from 1 through 127 years. The average year's retail farm marketing is 29. The mode is 20.

22% have 10 years or less farm retailing experience,

26% have between 11 through 20 years

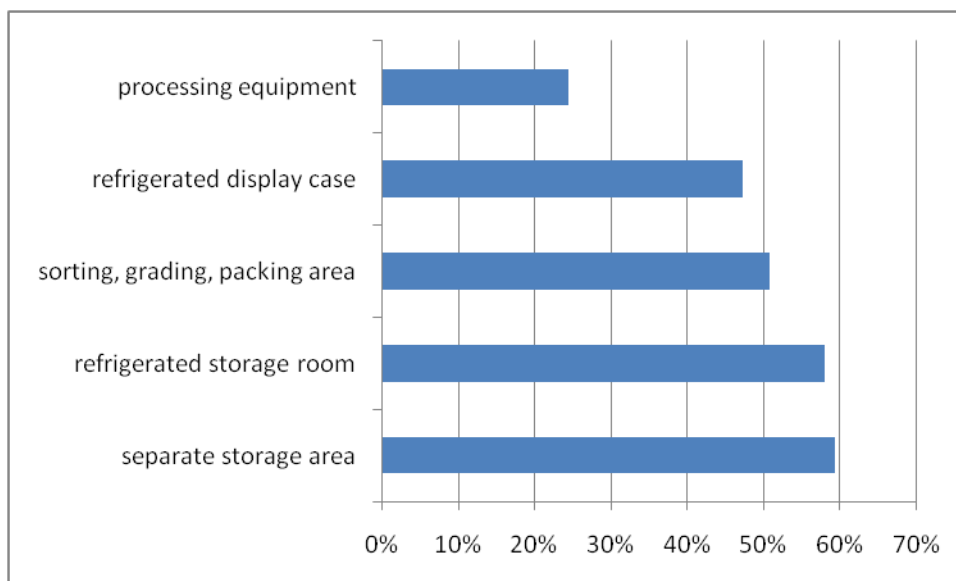
22% report between 21 and 30 years experience, and

20% are working with 50 or more years experience with retail farm marketing.

(raw data in appendix)

Next we explored the types of equipment available at the retail market facility utilized by survey participants.

Percentage of retail markets with the listed equipment and facilities available at/in the market

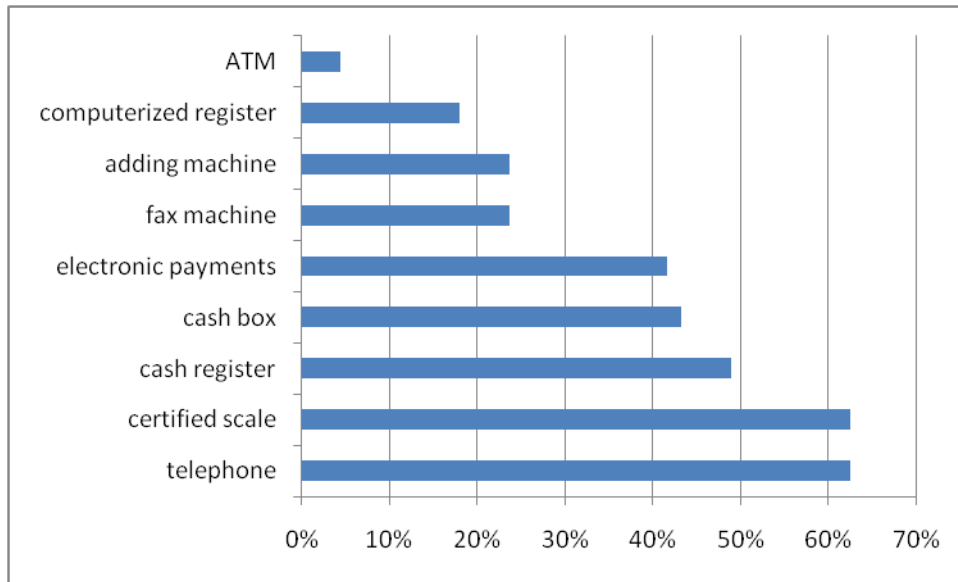


(Raw numbers for above chart.)

148 have separate storage area

145 have refrigerated storage room
 127 have sorting, grading, packing area
 118 have a refrigerated display case
 61 have processing equipment

We were then interested in how retail technology was being employed at farm market outlets.
 Percentage of retail markets with the listed technology at the sales area

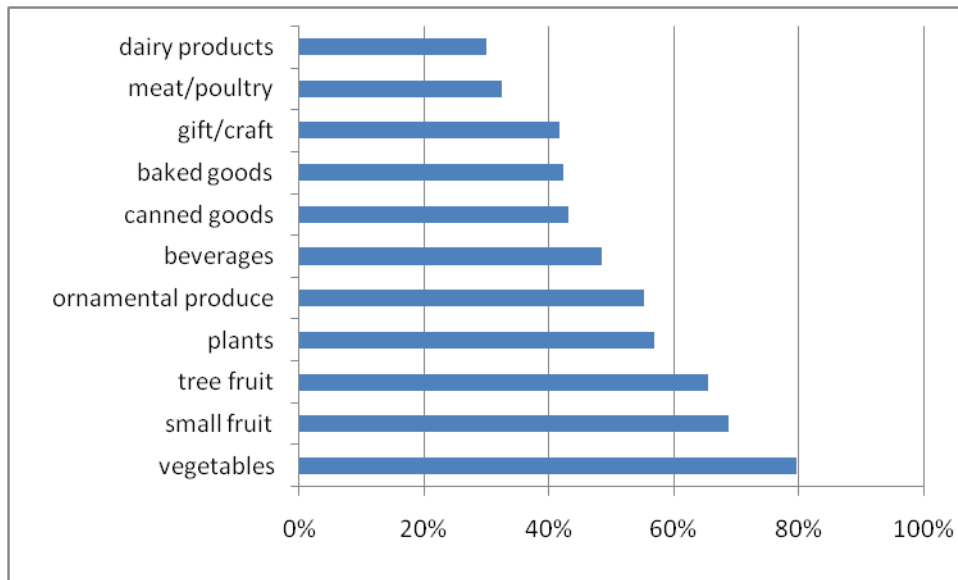


(Raw numbers for above chart.)

156 have a telephone in the check-out area
 156 use a certified scale
 122 use a cash register
 108 use a cash box; 15 use a cash box and adding machine only
 104 can process electronic payments
 59 have a fax machine
 59 use an adding machine, 21 use only an adding machine
 45 have a computerized register; 20 use only a computerized register at check-out
 11 have an ATM

There is much interest in the products being offered at retail farm markets. Farmers planning to start a retail effort, those with markets wondering if they are efficient and those exploring a business expansion are seeking guidance with product mix. What is most popular? What is most innovative?

The popularity of items being marketed by survey participants is identified by the percentages reported next.



(Raw numbers for above chart.)

- 199 sell vegetables
- 172 sell small fruits
- 164 sell tree fruit
- 142 sell plants
- 138 sell ornamental produce
- 121 sell beverages
- 108 sell canned goods
- 106 sell baked goods
- 104 sell gift or craft items
- 81 sell meat or poultry products
- 75 sell dairy products

One significant economic development impact of retail farm markets is employment opportunities beyond the fields of production.

Exploring this dimension of retail farm market benchmarks, the following employment and employees characteristics suggest how retail farm markets contribute economically to local communities where they operate.

Full-time employees:
(31% of respondents left this blank)

- Of those reporting:
- 13% report zero full-time employees
 - 23% report one full-time employee
 - 22% report two full-time employees
 - 17% report three full-time employees
 - 1%-4% report four, five, six, seven, eight, nine, ten, twelve, fourteen, fifteen, twenty, or twenty-five full-time employees

There were single responses for markets reporting seventy, seventy-five or eighty full-time employees

Part-time employees:
(12% left this blank)

Of those reporting:

7% report zero part-time employees

11% report one

9% report two

9% report three

11% report four

6% report five part-time employees

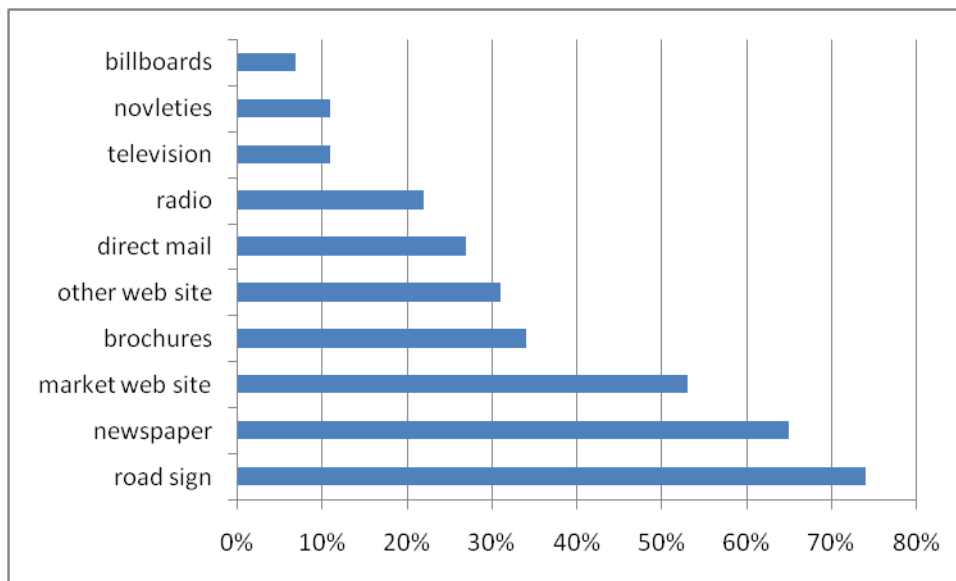
1%-4% report six, seven, eight, nine, ten, eleven, twelve, fifteen, sixteen, seventeen, eighteen, nineteen, twenty, twenty-two, twenty-five, thirty, thirty-five, thirty-six, forty, or fifty part-time employees

There was one response each for fifty-five, seventy, seventy-five, eighty-five, or two hundred.

There were two reports of one hundred part-time employees for a retail farm market in this survey.

Deepening our understanding promotional activities utilized, we asked about the channels used to advertise markets.

Advertising and promotions



(Raw numbers for above chart.)

74% use road signs

65% use local newspaper

53% have a market web site

34% use brochures

31% use other web sites

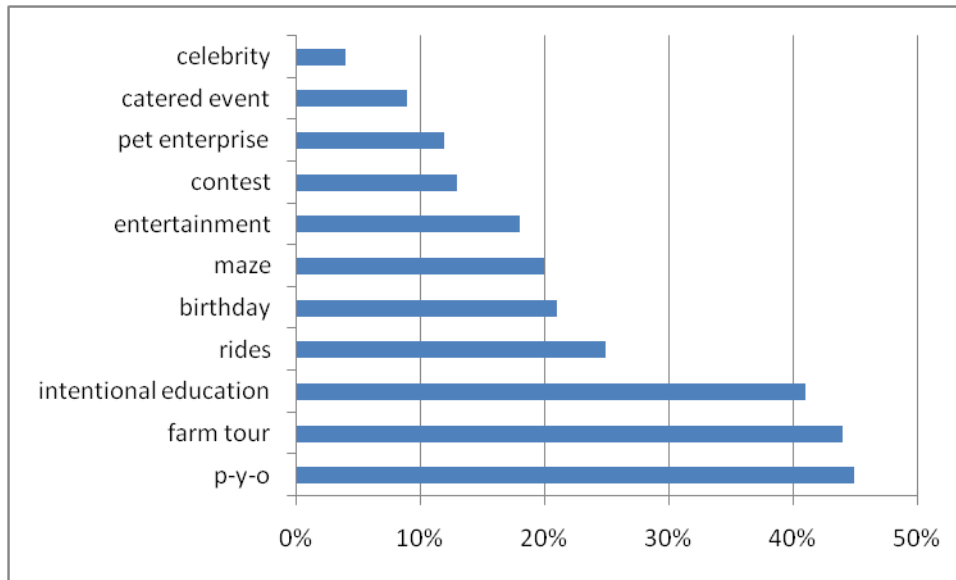
27% use direct mail

22% use radio

11% use novelty items
11% use television
7% use billboards

We also wanted to find what other marketing activities were being used.

Enterprises other than direct retail sales of products deployed by survey respondents include;



(Raw numbers for above chart.)

45% offer at least one P-Y-O opportunity during the season
44% utilize farm tours
41% offer classes or some other form of intentional education
25% has rides available for their customers
21% offer birthday parties
20% have at least one maze
18% offer entertainment
13% use contests
12% have some type of "pet" enterprise
9% offer catered events
4% have celebrity appearances

Retail farm market operators are regularly seeking guidance on season, days, and hours of operation for this industry. Balancing the payroll with sales is a constant challenge for many retail market managers.

26% of the markets are open year round

When open:

68% are open at least some of the time on Sunday

The most economically important items being retailed are:

For 6% of respondents tomatoes rank highest.

For 7% apples rank highest

For 8% pumpkins rank highest

And, for 12% sweet corn rank highest

When the survey asked “Items being considered for addition to the marketing mix” roughly 50% of responded completed this section.

Baked goods is the most often noted potential new product. More produce, different produce, meats, dairy products, and further processed products were also mentioned several times. The data is in the appendix for review.

Interestingly, fifty-one respondents provided their name, address and telephone number in response to the final survey question asking for this information if the respondent was interested in being part of a more detailed follow-up survey building on what was discovered through this project. This data can be made available for others use, and continues being mined for additional insight.

Appendix:

Survey Tool:

Retail Farm Market Benchmarks Project

Producers marketing directly to consumers are capturing a larger percent of consumer disposable income and the skills used for marketing agricultural production continue to increase in economic importance.

An essential backstop to these activities is a knowledge base that allows managers to identify and evaluate opportunities that offer improved efficiency, productivity of resources, and profitability. Such a knowledge base would provide benchmarks (points of reference) that describe current human resources, facility, and management

dimensions of retail farm markets. A knowledge base specific to direct-to-consumer marketing will provide points of reference as these enterprises continue to gain prominence in our regional agricultural economy.

The idea of this project is to develop some guidelines for those interested in starting, maintaining, or growing a retail farm market. Please consider being a full participant in this landmark study by completing and returning the requested information.

Thank you.

John Berry,

Extension Educator

Do you operate a farm?

Yes

No

I don't know

Do you market your farm products through your own retail outlet of some type?

Yes

No

I don't know

We are trying to provide a choice of various retail marketing types below. Please check the type, and number of retail markets operated by you:

	Type?	How many?
Temporary structure at roadside	<input type="checkbox"/>	_____
Permanent structure at roadside	<input type="checkbox"/>	_____
Self-service, or honor unit, at roadside	<input type="checkbox"/>	_____
Temporary structure at a Farmers' Market	<input type="checkbox"/>	_____
Permanent structure at a Farmers' Market	<input type="checkbox"/>	_____
C.S.A. with on-farm pick-up	<input type="checkbox"/>	_____
C.S.A. with off-farm pick-up	<input type="checkbox"/>	_____
Other	<input type="checkbox"/>	_____

Tell about the physical size of the retail market facilities you use:

Inside sales area of _____ sq. ft.

Outside sales area of _____ sq. ft.

Customer parking for how many cars? _____ cars

How many years have you been retailing farm products? _____

Does the market operator own the market facilities?

Yes

No

I don't know

Do your market facilities have access to:

Processing equipment

Yes

No I don't know

Separate sorting, grading, and packing area

Yes

No I don't know

Separate storage room

Yes

No I don't know

Refrigerated storage room

Yes

No I don't know

What equipment is in your customer check-out and sales area? (if applicable, check)

Cash box

Adding machine

Cash register

Computerized sales register

Certified scale

Refrigerated display case

Telephone

Fax

ATM

Electronic payment device

What was the number of workers employed in your market during this past year?

Workers

Full time _____

Part time _____

What paid methods of advertising and promotion are used by your market?

(if applicable, check)

Mailed pieces

Brochures at other outlets

Local newspaper

Radio

TV

Billboards

Roadside signs

Market Web site

Other Web site(s)

Novelty items

Other (explain) _____

When was your market open this past year?

Opening day? _____

Closing day? _____

We are open year round

Days Operated:

(circle the days of operation)

Sun. Mon. Tues. Wed. Thurs. Fri. Sat.

Hours market open:

(on these days)

What type items did you sell during this past year?

Vegetables

Tree fruit

Small fruit

Ornamental produce

Dairy / dairy products

Meat / Poultry products

Bakery items

Canned goods

Gift or craft items

Beverages

Plants

Considering all items sold, what were the three most economically important to your market this past year?

What items that you do not currently market are you considering adding to your product mix this coming year?

Please, check any of the following activities you have included in your marketing over the past three years:

Farm tour

Class / Education

P-Y-O

Agri-tainment:

Maze

Rides

Contest

Pets

Entertainment

Birthday party

Catered events

Celebrity appearance

If you used any of the above "activities," which were the most economically important to your marketing this past year?

If you care to participate in the more detailed follow-up study of retail farm market benchmarks, please share your contact information here:

Return completed questionnaire to:

Retail Benchmarks

Thank you for your time and effort!

John Berry

johnberry@psu.edu

(610) 391-9840

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All replies are treated with the strictest confidence.

Years retail farm marketing data

1 year = 2	23 yr = 3	50 yr = 6
2 yr = 5	24 yr = 3	51 yr = 2
3 yr = 9	25 yr = 10	53 yr = 2
4 yr = 5	26 yr = 2	57 yr = 1
5 yr = 7	27 yr = 2	58 yr = 1
6 yr = 5	28 yr = 3	60 yr = 6
7 yr = 5	29 yr = 1	61 yr = 3
8 yr = 2	30 yr = 12	64 yr = 2
9 yr = 4	32 yr = 1	65 yr = 2
10 yr = 8	33 yr = 2	68 yr = 1
11 yr = 2	34 yr = 1	73 yr = 1
12 yr = 10	35 yr = 4	75 yr = 2
13 yr = 1	37 yr = 2	80 yr = 4
14 yr = 1	38 yr = 4	83 yr = 1
15 yr = 10	39 yr = 2	85 yr = 1
16 yr = 1	40 yr = 7	90 yr = 1
17 yr = 2	41 yr = 1	94 yr = 1
18 yr = 5	42 yr = 2	95 yr = 1
19 yr = 1	45 yr = 6	100 yr = 1
20 yr = 21	46 yr = 1	102 yr = 1
21 yr = 5	47 yr = 1	127 yr = 1
22 yr = 5	48 yr = 1	

Items Being Considered
Consider Adding
baked goods
none
baked goods
Pies
more bakery items
none
more organic
baked goods
none
bekery items, hand dipped ice cream
none
more gift items, more value-added items
small amt (under \$5000) organic as a trial
raspberries?
Jersey wine

Items Being Considered
Consider Adding
ice cream
Prepared food
hybrid tomatoes, fresh herbs, leeks
organic produce, fresh roasted coffee, spices, nuts
new varieties, raspberries
potting soil
canned goods, bigger variety lettuces & greens, shipped fruits (grapes etc.)
more flowers
entertainment
new plant varieties, garden center items
entertainment
pheasant, guineas
rail road ties
baked goods, bedding plants, vegetables
frozen meat
rhubarb, apples, blueberries, raspberries, potted plants
more vegetable varieties for CSA, lettuces, heirloom tomatoes
baked cookies, more crafts
baked goods
dried fruit
salad greens
peaches, nectarines
pork, lamb, turkey pieces
PYO bouquets
golden beets, arugula
sweet cherries
berries
raw milk, free range eggs
heirloom tomatoes, organic vegetables
seed packets
ethnic vegetables
P-Y-O and on-farm rides
baked goods
organic vegetables
more fruit, maze, hay rides
organics
more bakery items

Items Being Considered
Consider Adding
herbs
Winter Squash
peaches
NO Longer in Business
welches' grape juice
hand made clothing
canned relishes, pickels
greenhouse tea room
in house bakery, ice cream
wine at market not farm
candles, wine, local honey, specialty peppers, eggplants
prepared meals, beef
meat
flour and maple syrup
hot food (prepared)
donuts
strawberries, figs, plums, paw paws, muscadine grapes
parties, weddings, winemaker dinners, culinary classes
beverages, group outings, educational programs
melons, cucumbers, radicchio, mesclun mix
popcorn
fish/ beef
more craft items
cole crops
herbs, cole crops
bulk foods
squash, pumpkins
hand-dipped ice cream, fresh herbs, PYO pumpkins
ice cream
some root crops, beets, carrots
garlic, shallots
asparagus, short head cabbable
deli and sandwiches
bakery items, garden hard goods (hanging basket holders)
pork, heritage turkeys, goat meat
baked goods
danish, baking supplies

Items Being Considered
Consider Adding
vegetables
eggs
seedless watermelons
canned goods, plants, bakery items, dairy
hand-dipped ice cream, xmas trees (live)
none
more produce
more bakery products, fudge
gift baskets, possible deli
culinary herbs, flowers
cut flowers
beef, lamg, goat
goose
seeds
PA preferred yarns
chicken
donuts
soft ice cream, single-serve fresh fruit ready to eat
strawberries
blueberries, raspberries
feed store
strawberries
organic produce
mini-golf
raspberries, blueberries, flowers
vegetables
bakery
bakery
potatoes
packaged health food
baked goods, local meats
started plants, cut flower varieties for cutting garden
new veggie varieties
small fruits, other veg
butter, more varieties of sausage