Retail Farm Market Benchmarks Survey

January, 2009
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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

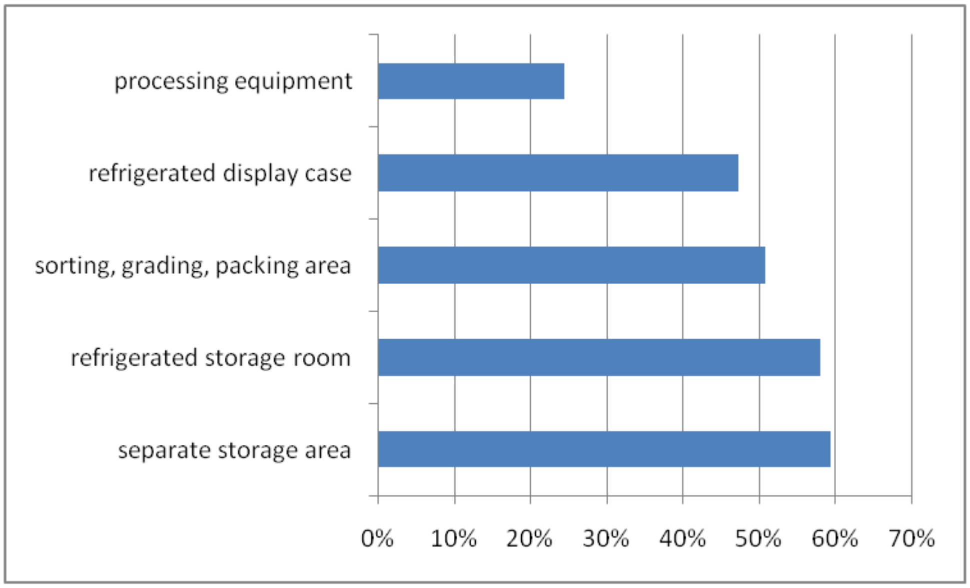
Customer parking
(12% left this blank)

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)

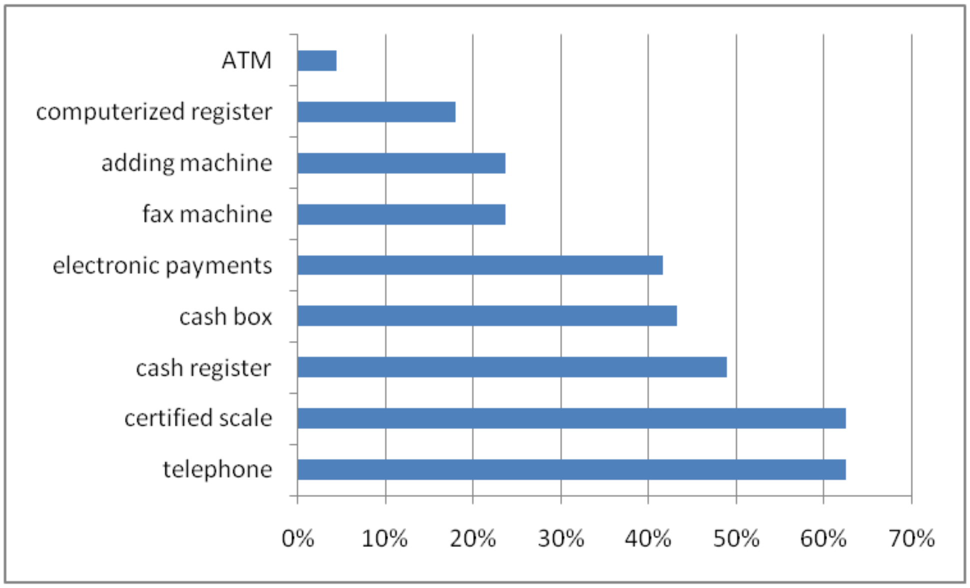
Trying to gauge how long direct-to-consumer farm marketing had been practiced, we asked how many years respondents had been retailing farm products.
The range of years experience retail marketing farm products was from 1 through 127 years. The average year's retail farm marketing is 29. The mode is 20.
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

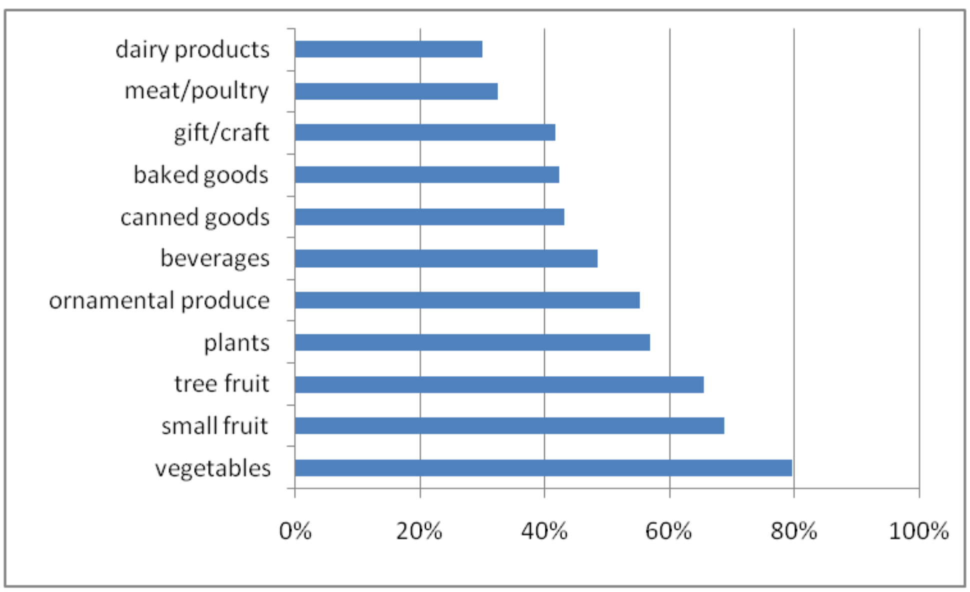


We were then interested in how retail technology was being employed at farm market outlets.
Percentage of retail markets with the listed technology at the sales area



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.



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)

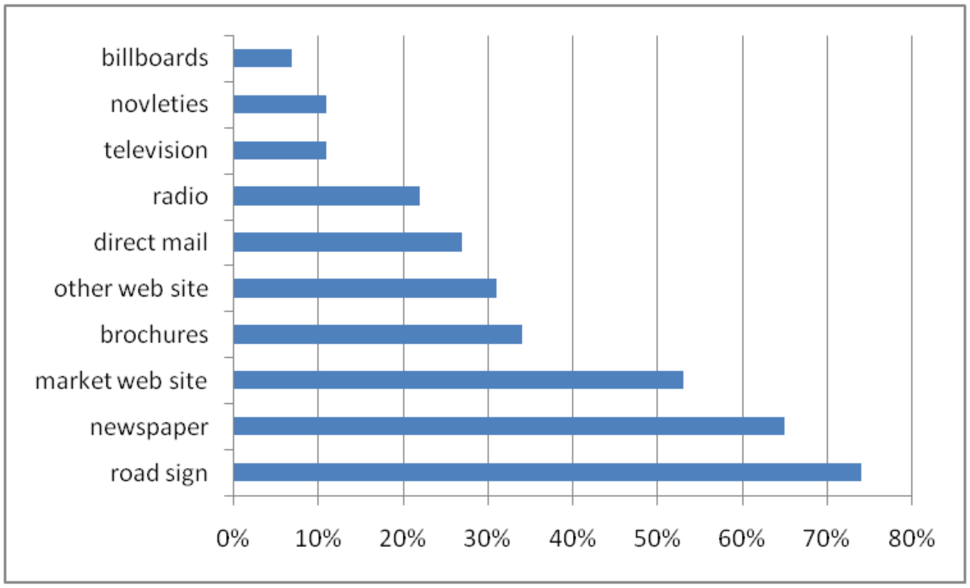
Of those reporting:
13% report zero full-time employees
23% report one full-time employee
22% report two full-time employees
17% report three full-time employees
1%-4% report four, five, six, seven, eight, nine, ten, twelve, fourteen, fifteen, twenty, or twenty-five full-time employees
There were single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

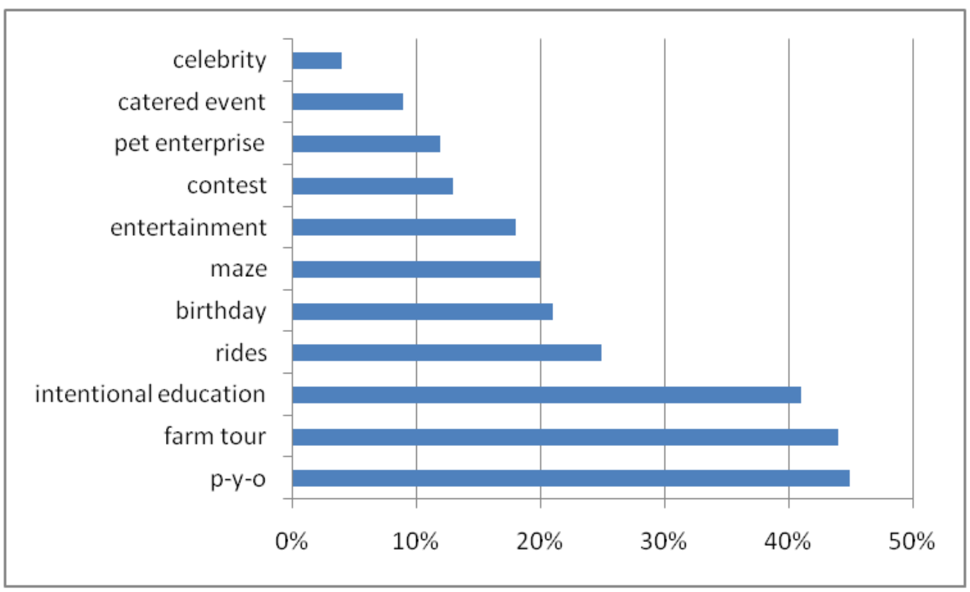
Deepening our understanding promotional activities utilized, we asked about the channels used to advertise markets.

Advertising and promotions outlets



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;



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 ranks highest for economic significance for retailers.

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.