

Value Added Agriculture Program



A Final Report Prepared for the Leopold Center for Sustainable Agriculture

**Analysis and Comparison of the
Technical and Business Planning Needs
of Iowa Farmers Marketing Directly to
Consumers and Iowa Farmers Marketing
through Supply Chains**

RWG 2005 B-03

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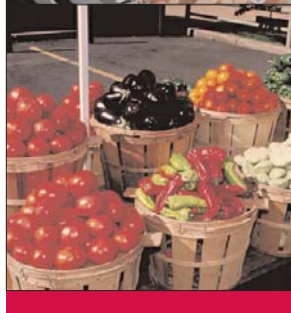
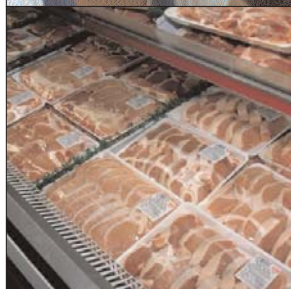
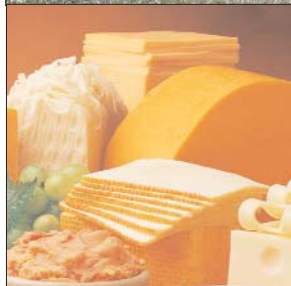
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Executive Summary

The goal of this project was to better understand the marketing and business planning needs of two groups of Iowa farmers; those who market directly to the end consumer and those who market through a supply group. The two groups surveyed were those who sell all or most of their products directly to consumers and those who sell all or most of their products through a supply group. Part of the survey was conducted at local farmers markets in September and October 2005 and surveys were mailed to members of both groups in January 2006. In total, 109 farmers who sell products directly responded to the survey and 59 supply group farmers responded. This represents 37 percent and 15 percent, respectively, of the surveys administered.

The survey helped identify the types of products members in each group sell, and the skills they feel are important for making sales. The direct market producers sell mainly fresh produce, although they were often involved in sales of other food and craft products as well. Baked goods, flowers, and herbs were also commonly sold directly to consumers by the respondents. Members of supply groups were more involved in selling meat/poultry/fish products, dairy products, or specialty grains and oilseed products. The sales base for the direct sales producers was mostly local, whereas the supply groups were selling products locally as well as regionally and nationally. These profiles suggest that the producers selling directly have different requirements for the content and format of business and technical updates than the producers in supply groups, but generally the responses between the two groups were the same.

When asked which areas they would like to develop and increase in their businesses, both groups leaned toward increasing their current volume of products and increasing profit margin. This suggests that farmers and ranchers would like to learn to be more efficient and reduce costs to increase profit margin, while at the same time increasing volume. Fewer producers wanted to learn how to add product lines or find new markets.

Specific skills areas were identified in production, marketing, management and finance that could be addressed by training programs and tools. In production, the application of new technologies was identified as most important, but some producers wanted to learn more about shipping and storage, too. In marketing, pricing and promotion were viewed as areas where producers could use more training. Product positioning and effective descriptions were also selected by a significant number of respondents in each group. In management and finance, the focus for additional training should be on record-keeping, use of financial data for business planning, and time and skills management. Management of employees was not selected by the majority of respondents in this survey, but it still might be included in a general management training session as labor represents a significant operational expenditure of larger operations.

Most respondents preferred to receive new business and technical information through local/regional workshops and single-topic printed information that is mailed or emailed. The workshop format would offer personal contact and the ability to exchange

ideas and to network; while the single topic publication could offer convenience and focus, and it could be updated and sent rapidly. The Internet and industry journals were also regarded as sources of updated business and technical information. Responses from both groups suggested that they value one-on-one on-site training for selected topics and activities.

Goals and Objectives

The goal of this project was to better understand the marketing and business planning needs of two groups of producers; those who market directly to the end consumer and those who market through a supply group, which might be an informal alliance or sales group, or it might be a formal cooperative or limited liability corporation. A clearer understanding of these needs would help guide future planning of educational programs. The results of this survey will be shared with the 55 agricultural educators who have completed the Café II training, which focused on how to provide educational programming to farmers who are selling directly. This survey will also be shared with appropriate Extension educators within the Iowa State University Extension system and with clients and members of the Leopold Center for Sustainable Agriculture.

The specific objectives of this project were to:

- Determine what types of products were sold by each group of producers and how/where they were sold.
- Learn what the producers perceived to be the advantages and disadvantages of selling products directly and through supply groups.
- Identify where producers who were direct marketing and those who were selling differentiated food products receive technical and business planning training.
- Determine what types of training they would have liked to receive.
- Characterize the opportunities to provide education to producers in the format they prefer.

Study Design, Materials and Methods

Two groups of Iowa farmers were identified for the surveys, those who sell all or most of their products directly to consumers and those who sell all or most of their products through a supply group. Contact information for farmers who were likely candidates for the direct sales survey was obtained from coordinators of local farmers markets and Iowa State University County Extension Education Directors (CEEDs). The Iowa Network for Community Agriculture (INCA) distributed the direct sales surveys among its members.

Contacts to members of supply groups were made through coordinators of Niman Ranch, Eden Farms, Iowa Quality Agriculture, Innovative Growers, Organic Grassfed Beef Coalition, and Organic Valley Farms. These are all supply groups that have growers in Iowa.

Surveys were designed and administered to both producer groups. Survey questions were chosen to describe the production and sales activities of the participants and to determine whether there are differences in the marketing and business planning needs between direct-sales farmers/ranchers and supply-group farmers/ranchers. A total of 294 surveys were administered to the direct-sales producers and 37 percent (109) of these were completed. Fifty-four of these surveys were given on-site at farmers markets in Ames and Des Moines in Fall 2005. The remaining 240 surveys were mailed, and the website address was provided by email for those producers who might prefer to take the survey on-line. A total of 390 surveys were mailed (or a website address for the on-line survey

was emailed) to producers who were members of supply groups, and 15 percent (59) of these were completed.

Data and Discussion

Part 1: Description of Participants and Marketing Activities

In what product categories does each group sell?

Participants were asked to check all that apply and fill in responses for “other”.

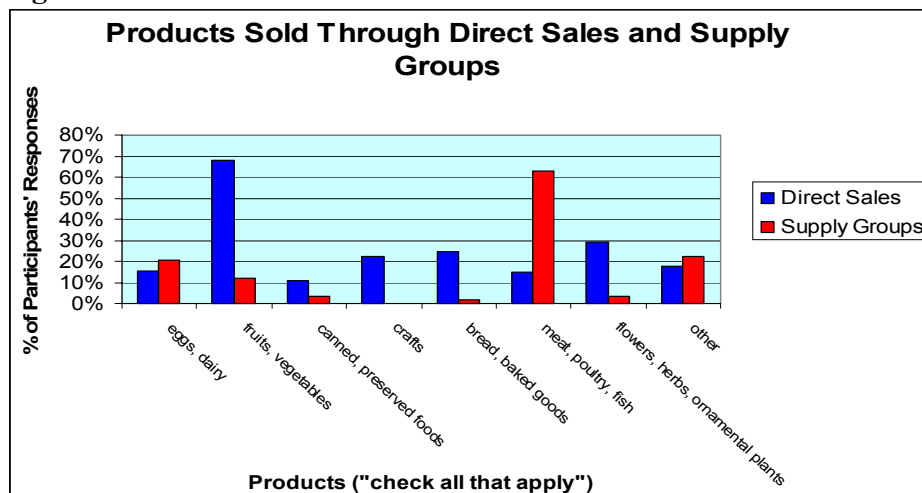
Direct Sales:

Most products sold by this producer group were in the “fruits and vegetables” category, named by 68 percent of the respondents. In contrast, fewer than half as many producers sell flowers, herbs, and ornamental plants (29 percent), breads and baked goods (25 percent) and crafts (22 percent) through the direct sales channels. Fewer yet are involved in selling eggs and dairy (16 percent) and meat, poultry, and fish (15 percent) through direct sales. Only 11 percent of the respondents sold canned and preserved food through direct sales. (Figure 1.) Items named in the “other” category include cider, bedding plants, jams, honey, Christmas trees, bath and beauty products and cookbooks.

Supply Group:

The majority of respondents for supply groups (63 percent) selected meat, poultry and fish as the product category in which their supply group participated. Responses were evenly spread among eggs and dairy (22 percent) and the “other” category (22 percent). Few participants chose fruits and vegetables (12 percent), canned and preserved foods (3 percent) and flowers, herbs, and ornamental plants (3 percent). Only one participant sells breads and baked goods through a supply group. (Figure 1.) The following products were listed in the “other” product category; soybean oil, specialty corn and soybeans, non-GMO soybean meal, low-linolenic soybean oil, honey, hay, live hogs and candles.

Figure 1.



How and where are products sold?

Different questions were asked of the direct sales producers and the supply group producers. The direct sales producers were asked where they sold products, and the supply group producers were asked about the organizational structure within which they sold products. Producers checked as many answers as applied to their operation.

Direct sales:

In the direct sales producer group, most sales were made at local farmers markets (86 percent of respondents), followed by sales at home or farm (60 percent of respondents). Several have worked with local grocers and retailers (38 percent), but respondents were not asked if they were selling to individual retail establishments or to a grocery chain. Restaurant sales were made by 21 percent of respondents. Less than 12 percent of producers were involved in sales through community support agriculture (CSA) groups, via mail-order or Internet, and through institutional cafeterias (schools, hospitals, etc.), consignment, and distributors. (Table 1a.)

Supply groups:

Most respondents sold products through a supply group that is formally organized, either a limited liability corporation - LLC (54 percent) or a cooperative (44 percent). Only three participants sold products through community supported agriculture groups. Participants in the “Other” formal organization category listed “grocery chains,” “auctions,” and “meat marketing company” as venues for sales of aggregated products. Five participants were involved in informal supply group organizations. (Table 1b.)

Table 1a. Direct Sales: Where are products sold?

| Sales/market location | Number of producers (n=109)* |
|---|-------------------------------------|
| Directly from home or farm | 65 |
| Local farmers markets | 94 |
| Selected retailers, grocers | 41 |
| Through community support agriculture (CSA's) | 13 |
| Institutional cafeterias (schools, hospitals, etc.) | 5 |
| Distributors or wholesalers | 7 |
| Via mail-order or Internet | 17 |
| Restaurants | 23 |
| Consignment | 6 |

*Note: Respondents may choose more than one category.

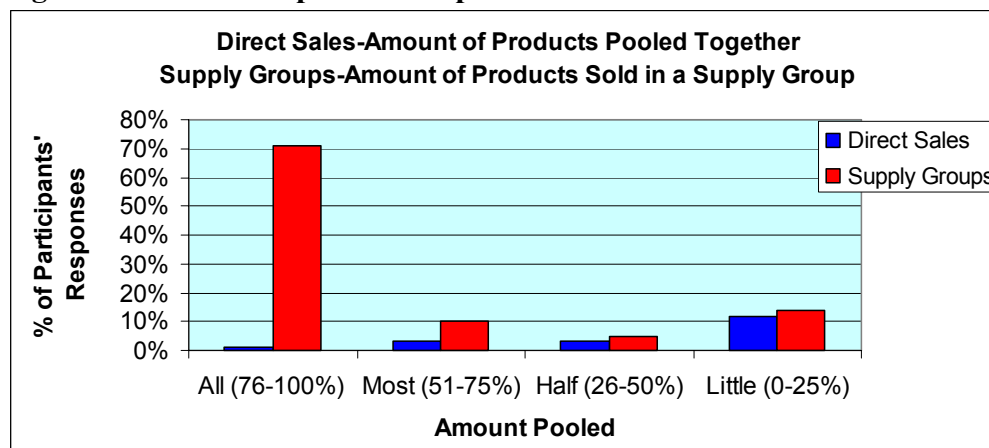
Table 1b. Organizational structure of supply group

| Organizational structure | Supply Group members (n=59)* |
|---|------------------------------|
| Formal Organization | |
| Community Supported Agriculture (CSA's) | 3 |
| Cooperative | 26 |
| Limited liability corporation (LLC) | 32 |
| Other | 4 |
| Informal Organization | |
| Alliance | 2 |
| Regional supply group | 2 |
| Other | 1 |

*Note: Respondents might belong to more than one supply organization

How much product is pooled with other producers' products for sale

Figure 2. Amount of production pooled for sale



Note: Only producers who pooled products responded to this question.

Direct sales:

In the direct sales group, 19 percent of the respondents said that they pooled some of their products with products from other farms. Each respondent was then asked to describe advantages and disadvantages in pooling their products with other producers' products. For direct sales respondents, the most commonly stated advantage was the ability to provide more variety and quantity to customers, along with the time and labor savings when several producers can share the work time at the markets. Related to these advantages was the notion that pooling similar products would always provide some quantity of a particular product in the marketplace, even when individual farms experienced a crop failure. This strategy could guarantee more consistent and reliable quality and quantity, thus building consumer confidence.

Disadvantages included problems with quality control because some producers cannot maintain appropriate storage conditions as well as others. Some respondents mentioned that individual producers might have trouble agreeing on prices and would compete with each other within the group for sales.

Supply groups:

Among the supply group respondents, seventy-one percent sell all or most of their production through a supply group. When asked about advantages and disadvantages of selling in a group, comments centered around efficiency and effectiveness of sales efforts. The opportunity to access more markets easily was seen as an advantage, along with the savings of individual time in sales activities and the opportunity to use a brand that is recognized by customers. The ability to offer customers a more consistent and convenient supply was mentioned, and the ability to share ideas within the group was seen as a plus. Some respondents saw the potential to control market prices, therefore adding stability for the seller.

Disadvantages centered on developing and complying with a contract that is fair to all members. This group found it difficult to lose the flexibility in production methods, pricing and deliveries that occurs when they are bound by a contract for a particular product. They also missed the customer contact and found that there were more rules to follow and more paperwork to do.

Do skills needed for success differ for each group?

A majority in both groups of producers thought that direct sales required a different set of skills than supply group sales. Among direct sales producers, fifty-six percent thought that different skills were required; in supply groups, eighty-eight percent thought that different skills were required.

Direct sales:

Direct sales respondents mentioned that communication skills were highly important because they had to relate individually to each and every customer. In addition, direct sellers recognized that they themselves were the best spokespersons for their own products. One respondent saw this relationship as a “one-on-one teaching and learning lesson.” Organizational and time management skills were seen as important for people working independently. Direct sellers said that groups usually have leaders to take on the management responsibilities that require special skills.

Supply group:

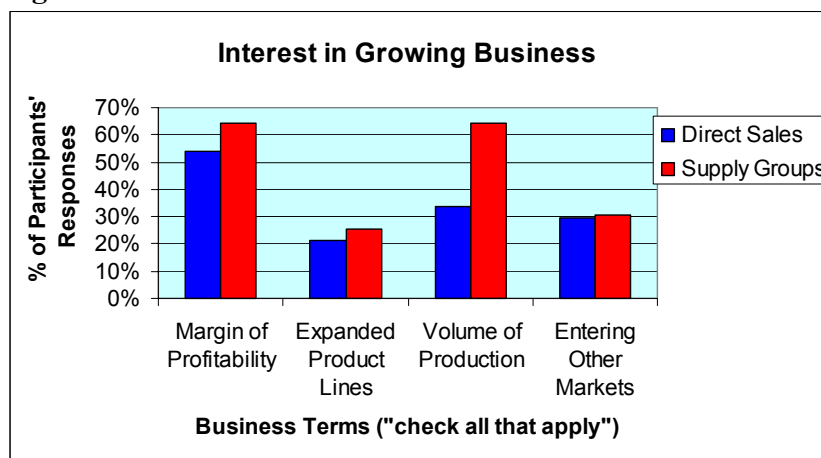
Supply group members listed several of the same skills as the direct sellers such as communication and time management skills, but they added that they needed to know how to better access markets that buy larger quantities. Networking was seen as a necessary skill. Other comments focused on cost control, risk management, and understanding the tax requirements of cooperatives and limited liability corporations.

Interest in growing business, staying in business, and profitability

Growing the business

When asked what areas would they be most interested in developing or increasing, producers in both groups chose “margin of profitability” and “volume of production”. Fewer were interested in expanding product lines and entering new markets. Members of supply groups might have felt that they were not as free to decide to enter new markets or grow new products as the producers who sell directly. The responses from both groups indicated a desire to increase profit margin and gain more income by producing more of the same product and gaining efficiency. They were less apt to offer new products or to enter markets where they were unfamiliar. (Figure 3.)

Figure 3.

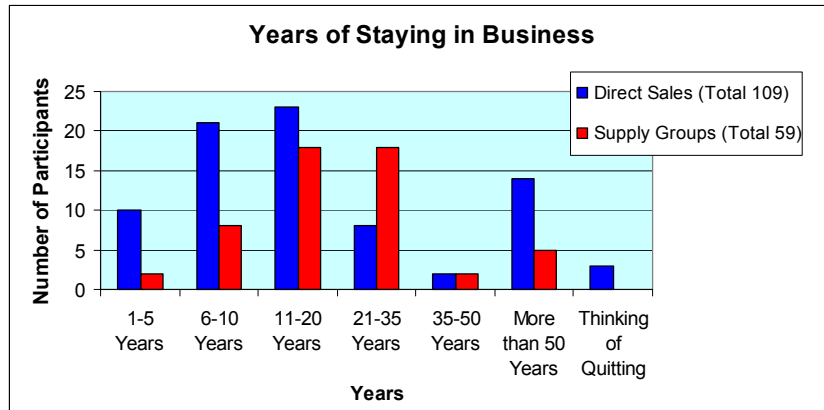


Staying in business

Among direct sales respondents, the majority (40 percent) planned to stay in business between 6 and 20 years. Nearly 13 percent expected to stay in business more than 50 years. The majority of supply group respondents (61 percent) expected to stay in business between 11 and 35 years. Significantly fewer supply group members were expecting to stay in business less than 10 years or more than 35 years. These numbers would suggest that members of supply groups have a longer-term expectation of the success of the supply group business model than the independent producers selling directly. (Figure 4.)

The expectation to stay in the business for more than 50 years was similar in both groups (13 percent in direct sales group and 9 percent in the supply group), possibly suggesting a long-term lifestyle choice as their primary motive. Fewer than 10 percent in both groups saw their involvement in the business as very short term (less than 5 years.) Twenty-five percent of direct sales producers did not respond, versus 10 percent of supply group producers. (Figure 4.)

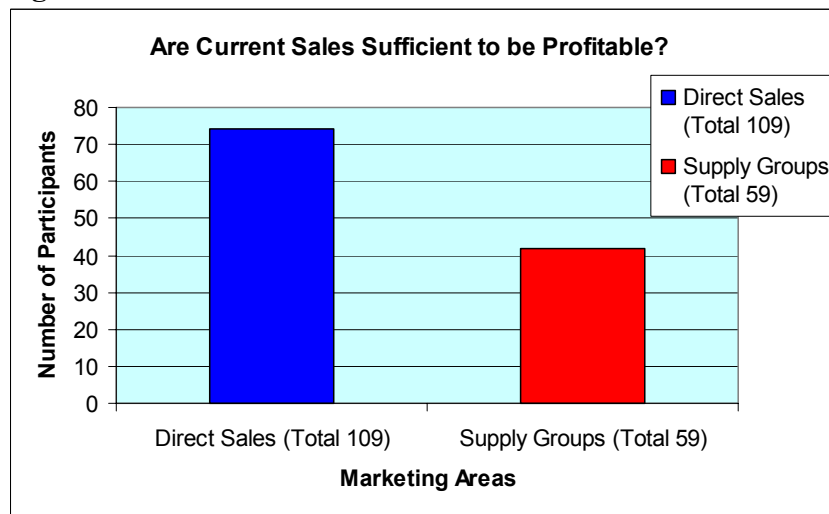
Figure 4.



Sales profitability

When producers in both groups were asked if they considered their current level of sales to be profitable, 69 percent (74 responses) of direct sales producers and 71 percent (42 responses) of supply group producers replied affirmatively. There were no responses from 35 of the direct sales participants and 17 of the supply group participants. (Figure 5.)

Figure 5.



Sales techniques

Direct sales producers were asked how they described their products to the customer. Supply group producers were asked about their marketing activities.

Direct sales:

When describing their products, participants were asked if they described in terms of features of the product, in terms of product benefits to the customer, or if they used both descriptions. The majority of respondents (77 percent) said that they describe their product in terms of both the features of the product and the product benefits to the

customer. Out of 109 participants, sixteen percent said that they describe only the products' features and 7 percent describe only product benefits to the customer.(Table 2a.)

Table 2a. Direct sales producers product description

| Description of product | Direct sales responses (n=109) |
|-------------------------------|---------------------------------------|
| Features of product | 17 |
| Product benefits to customer | 8 |
| Both | 84 |

Supply groups:

Supply group members recognized the marketing importance of using a label and of personally representing the supply group at trade shows to meet potential customers. Nearly 15 percent use print or electronic advertising. Additional ideas about promotional activities were stated under the “Other” category as follows:

- Local “trade shows” and demonstrations
 - Targeted visits to customers in other locations (East/West coasts)
 - Co-op advertising with related enterprises (CSA’s, retailers)
- (Table 2b.)

Table 2b. Supply group marketing activities

| Marketing activity | Supply Groups (n=59)* |
|---|------------------------------|
| Use the label of the supply group | 27 |
| Represent the supply group at trade shows | 24 |
| Purchase print advertising | 5 |
| Purchase radio/TV/Internet advertising | 4 |
| Other | 11 |

*Note: Respondents may choose more than one activity.

Part 2: Business and Technical Educational Needs

Within the categories of production skills, marketing skills, and management/financial skills, respondents in both groups were asked to choose the areas in which they would like to receive more training. More questions followed about their current sources of training and updates and what venues they would most like to use in the future.

A limitation in these surveys was the inability to differentiate between members of large supply groups versus members of small supply groups. Those in large supply groups would not all be as involved in the marketing and management efforts of the group as those in small supply groups; therefore, business planning and technical education needs might have been different within the “Supply group” category.

Areas where training is desired

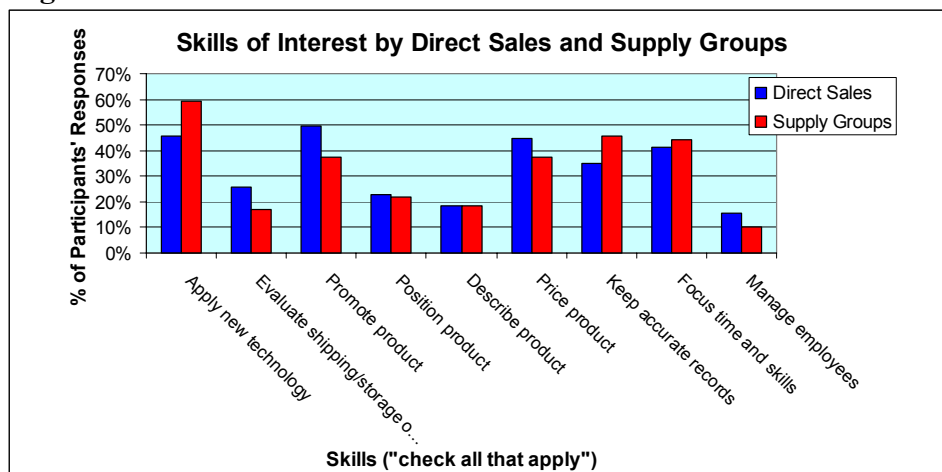
In the Production Skills area, the majority of participants felt strongly about learning how to apply new technology to improve the product/process, indicated by 46

percent response from direct sales producers and 59 percent response from supply group members. Some participants (26 percent of direct sales producers and 17 percent of supply group members) indicated that learning how to evaluate shipping and storage options was an area in which they would like to learn more.

In the marketing skills area, training in product promotion was desired by 50 percent of the direct sales producers and 37 percent of the supply group producers. Knowledge of how to price products was also desired by 45 percent of direct sales producers and 37 percent of supply group members. Positioning the products and effectively describing the products were less frequently chosen, but still desired by 18 percent and 22 percent of respondents, respectively.

In the business management/financial skills area, time management and focus were highly important for both groups (41 percent and 44 percent), as was the ability to keep accurate records in a format that can be used for business planning (35 percent and 46 percent). Producers indicated a desire to become more comfortable with commonly used financial statements (i.e., profit and loss, assets/liabilities, cost of goods sold) and how those relate to the daily/weekly/monthly operations records. Fewer respondents (10-15 percent) wished to learn more about managing employees, which might reflect the number of respondents who actually have employees. (Figure 6.)

Figure 6.



Sources of current business information

Both producer groups were asked about their sources for current business information. The responses are shown in Figure 7. Only direct sales producers were given the category “other people in the same business” and only supply group producers were given the category “members of the supply group.”

Direct Sales:

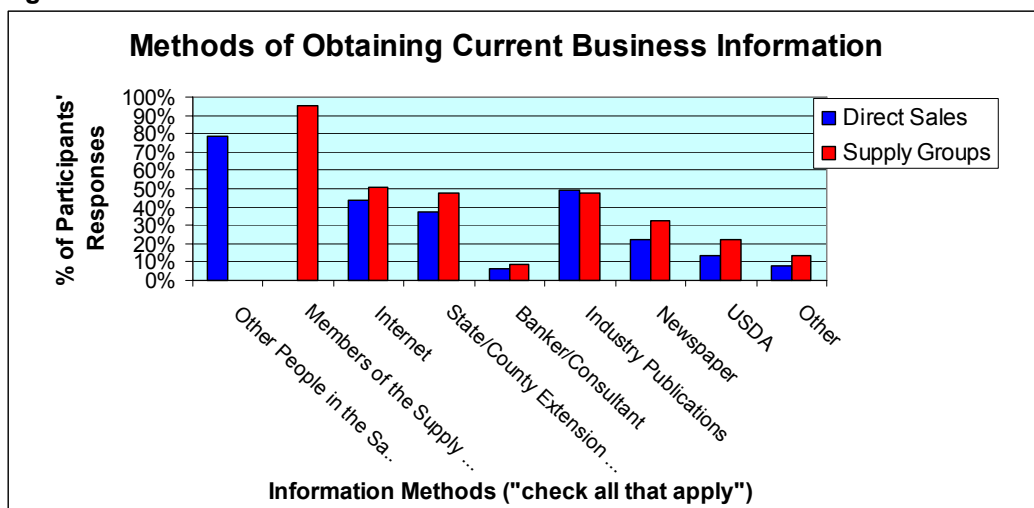
The majority of direct sales producers (79 percent) selected “other people in the same business” as their main source of current business information. Other sources that were used by a significant number were Extension specialists (38 percent), the Internet (44 percent), industry publications (50 percent) and newspaper publications (22 percent). Sources used less often were bankers and consultants (6 percent) and the US Department

of Agriculture (14 percent). “Other” sources included producer associations, IPTV agricultural programs, scientists and workshops. (Figure 7.)

Supply Groups:

A majority (95 percent) of supply group members receives business information through the supply group. Industry publications (47 percent), the Internet (51 percent), State/County Extension specialists (47 percent) and newspapers (32 percent) were used by several producers for business information. Though bankers and consultants (8 percent) and USDA (22percent) were used by the fewest number of supply group members, the percentage of people using these sources was higher than in the direct sales group. “Other” sources included workshops, annual meetings, seed suppliers, organic certification specialists and radio programs. (Figure 7.)

Figure 7.



Sources to update technical skills and information

Both producer groups were asked where they looked for updated technical information and skills. Respondents could choose all sources they used.

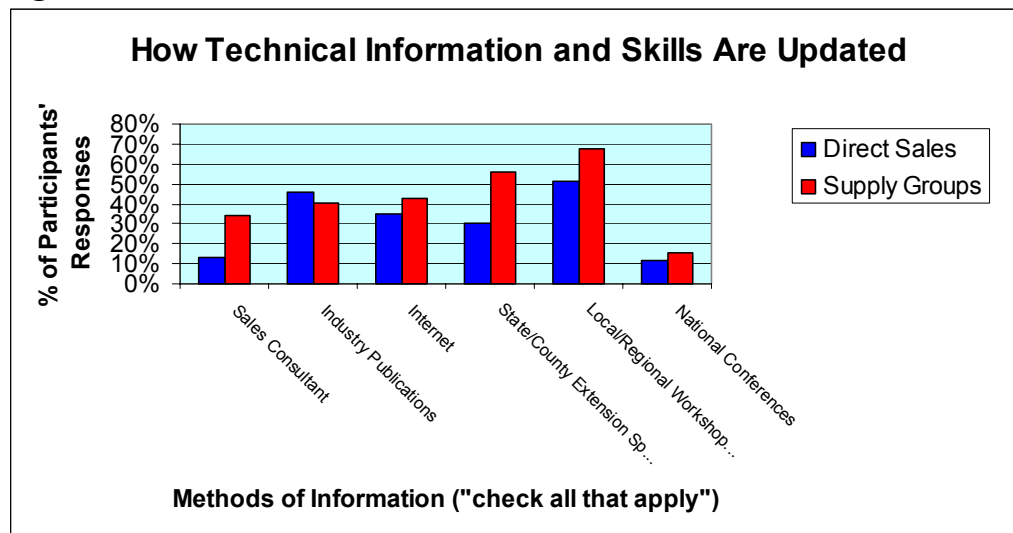
Direct Sales:

Direct sales participants relied heavily on industry publications (46 percent) and local/regional workshops (51 percent) for technical updates. Extension specialists and the Internet were used by 30 percent and 35 percent of respondents, respectively. Fewer producers gained technical updates from sales consultants (13 percent) and national conference presenters (12 percent). (Figure 8.)

Supply Groups:

For supply group producers, the local and regional workshops (68 percent) and Extension specialists (56 percent) were the most common sources of technical updates. Nearly half of the respondents looked to the Internet (42 percent), industry publications (41 percent) and sales consultants (34 percent) for updates. Fifteen percent of participants chose national conferences as sources for updates. (Figure 8.)

Figure 8.



Preferred methods for gaining new information

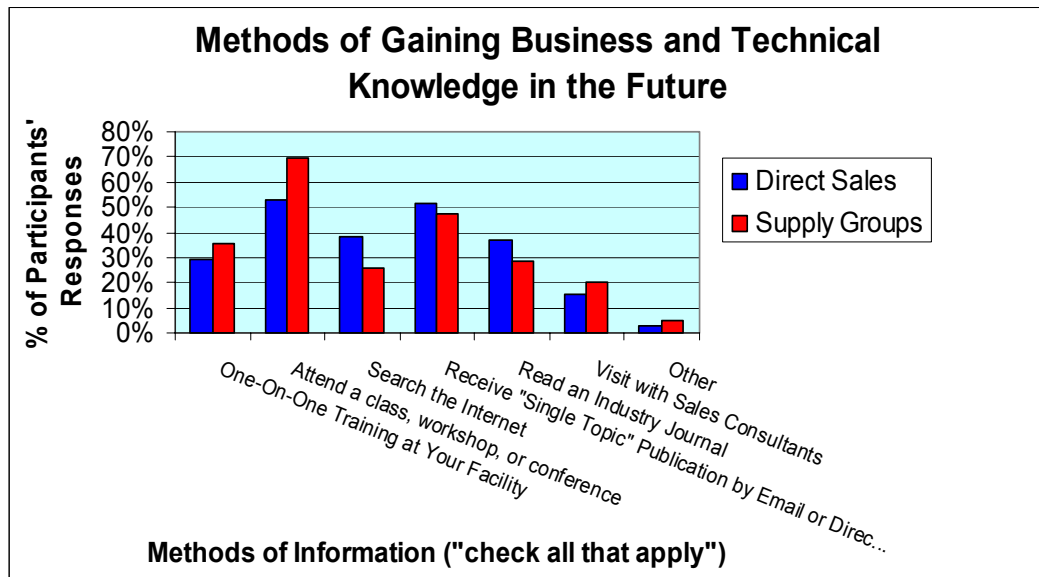
Direct Sales:

Direct sales group members selected workshops/conferences (53 percent) as their most preferred method of receiving new information, followed closely by single-topic publications (51 percent) in the mail or email. This group also looked toward the Internet (39 percent) and industry journals (37 percent) for updates. Twenty-nine percent of producers also selected having one-on-one “on-site” training, and only 16 percent would expect business and technical updates from sales consultants. Suggestions in the “other” category included field days, Extension counseling and workshops during Farmers Market meetings. (Figure 9.)

Supply Groups:

Supply group producers also rated highly both workshops/conferences (69 percent) and single topic publications (47 percent). They also valued one-on-one training (36 percent) and industry journals (29 percent) for updates. The Internet and sales consultants were used by fewer than 25 percent of supply group members. Responses to “Other” included computer “breeze” meetings and networking opportunities with members, vendors, and suppliers. (Figure 9.)

Figure 9.



Summary and Recommendations for Educators

The 109 respondents for the direct sales survey and 59 respondents for the supply group survey represented 37 percent and 15 percent, respectively, of the number of surveys administered or sent. Respondents in both groups represented farmers throughout the state who produce many different food (and other) agricultural products. However, this did not represent a random sample of the entire population of Iowa farmers. Also, a greater number of respondents in the supply group survey might have allowed differentiation between farmers belonging to large versus small supply groups which might have given additional insight into their individual involvement in marketing efforts for the group.

The surveys showed that both groups want to build skills in applying new technology, promoting product, pricing product, keeping accurate records and focusing time and skills. In addition, the surveys indicated that respondents most preferred to receive new information through workshops and single topic publications. Common responses from both groups suggested that the two groups could be targeted with the same conference and/or publication. State and County Extension specialists, industry publications and the Internet were also regarded as significant sources of both business and technical information for respondents. These findings tell us that educators should provide conferences in a workshop setting that focus on skill development topics. Additionally, educators should develop fact sheets and short single-topic bulletins on the skill development topics. Respondents indicated that on-site individual training was valuable for some topics and situations.

Nineteen percent of direct market producers indicated an interest in pooling products. Their most commonly stated advantage in pooling products was the ability to provide more variety and quantity to customers, along with the time and labor savings when several producers can share the work time at the markets. Related to these advantages was the notion that pooling similar products would always provide some quantity of a particular product in the marketplace, even when some individual farms experienced a crop failure. This strategy could guarantee more consistent and reliable quality and quantity, thus building consumer confidence. Therefore, it is recommended that educators provide strategies to producers about how to aggregate products, determine strategies for consistent pricing and include discussions of how to achieve equitable distribution of profits and ways producers can work together. Similarly, producers indicated one of the disadvantages of pooling product was the inability to provide consistent product quality. Educators might steer producers toward development of quality management systems (QMS) to provide them with measurable quality specifications and food safety and storage guidelines to ensure consistent quality levels in products.

Respondents who were members of supply groups indicated one of the disadvantages was developing a contract that was fair to all members. Producers need assistance in developing skills to assist them in understanding the aspects of contracts and determining methods of assessing equitable considerations and compensation within the contracts.

Training in Quality Management Systems and group contract requirements could best be handled in local workshop formats, whereas regulatory updates and related information could be provided in single-topic publications and industry journal articles. Likewise, business skills that were identified as important (production, marketing, management/financial) might need to be handled in small workshop formats and on-site individual training sessions. Legal/financial updates, new production information and marketing ideas may be added later as single-topic presentations and industry journal articles, and would be most relevant when producers already had attended a workshop.

Appendix A.
Surveys for Direct Sales Producers and Supply Group Producer

Please return the completed survey in the enclosed postage-paid envelope.

Thank you for your participation.

PROJECT TITLE: Analysis and Comparison of the Technical and Business Planning Needs of Farmers Marketing Directly to Consumers and Farmers Marketing through Supply Groups

1) What products do you sell? Please check all that apply.

- | | |
|---|--|
| <input type="checkbox"/> eggs and dairy | <input type="checkbox"/> breads and baked goods |
| <input type="checkbox"/> fruits and vegetables | <input type="checkbox"/> meat, poultry, fish |
| <input type="checkbox"/> canned and preserved foods | <input type="checkbox"/> flowers, herbs, ornamental plants |
| <input type="checkbox"/> crafts | <input type="checkbox"/> other _____ |

2) How do you sell your products? Please check all that apply.

- | | |
|---|---|
| <input type="checkbox"/> directly from home or farm | <input type="checkbox"/> via mail-order or Internet |
| <input type="checkbox"/> at local farmers markets | <input type="checkbox"/> to restaurants |
| <input type="checkbox"/> to selected retailers, grocers | <input type="checkbox"/> on consignment |
| <input type="checkbox"/> through community supported agriculture (CSA's) | |
| <input type="checkbox"/> to institutional cafeterias (schools, hospitals, etc.) | |
| <input type="checkbox"/> to wholesalers (i.e., Lofreddo's, Sysco, Hawkeye) | |

3) Do you pool any of your products with those of other producers and sell them together?

- ☐ Yes ☐ No

If so, about how much of your product is sold this way?

- ☐ 76-100% ☐ 51-75% ☐ 26-50% ☐ 0-25%

What advantages/disadvantages do you see in selling your products as a group rather than as a single producer?

4) What skills are you interested in learning more about?

Please check all that apply.

a. Production

- ☐ how to apply new technology to improve your process/product
☐ how to evaluate shipping and storage options

b. Marketing skills

- | | |
|---|---|
| <input type="checkbox"/> how to promote your product | <input type="checkbox"/> how to describe your product |
| <input type="checkbox"/> how to position your product | <input type="checkbox"/> how to price your product |

c. Business management/financial skills

- ☐ how to keep accurate records and use them for business planning
☐ how to focus your time and skills for the most benefit
☐ how to manage your employees

d. Other, please specify:

Do you think the skills needed for success differ for producers who market directly to customers versus those who market their products in a group?

- ☐ Yes ☐ No

Survey Questions for Producers – Direct Sales

January 2, 2006

Please return the completed survey in the enclosed postage-paid envelope.

Thank you for your participation.

If yes, how do they differ?

5) When you describe your product, do you describe it in terms of:

- ☐ features of the product
- ☐ product benefits to the customer
- ☐ both

6) Are you interested in growing your business in terms of:

- ☐ margin of profitability
- ☐ volume of production
- ☐ expanded product lines
- ☐ entering other markets

How long would you like to stay in this business?

_____ years

Do you consider your current sales sufficient to be profitable?

- ☐ Yes
- ☐ No

Comments:

7) How do you get current business information? Please check all that apply.

- ☐ other people in the same business
- ☐ industry publications
- ☐ Internet
- ☐ newspaper
- ☐ state/county Extension specialists
- ☐ USDA
- ☐ banker/consultant
- ☐ other _____

8) How do update your technical information/skills? Please check all that apply.

- ☐ sales consultants
- ☐ state/county Extension specialists
- ☐ industry publications
- ☐ local/regional workshops/seminars
- ☐ Internet
- ☐ national conferences

9) In what way would you prefer to gain business and technical knowledge in the future? Please check all that apply.

- ☐ one-on-one training at your facility
- ☐ read an industry journal
- ☐ attend a class, workshop, conference
- ☐ visit with sales consultants
- ☐ search the Internet
- ☐ receive "single topic" publications by email or direct mail
- ☐ other, please specify _____

Please return the completed survey in the enclosed postage-paid envelope.

Thank you for your participation.

PROJECT TITLE: Analysis and Comparison of the Technical and Business Planning Needs of Farmers Marketing Directly to Consumers and Farmers Marketing through Supply Groups

1) What products do you sell through a supply group? Please check all that apply.

- | | |
|---|--|
| <input type="checkbox"/> eggs and dairy | <input type="checkbox"/> breads and baked goods |
| <input type="checkbox"/> fruits and vegetables | <input type="checkbox"/> meat, poultry, fish |
| <input type="checkbox"/> canned and preserved foods | <input type="checkbox"/> flowers, herbs, ornamental plants |
| <input type="checkbox"/> other _____ | |

2) Through what type of supply group do you sell your products? Please check all that apply.

Formal organization

- ☐ community supported agriculture (CSA)
- ☐ cooperative
- ☐ limited liability corporation (LLC)
- ☐ other _____

Informal organization

- ☐ alliance
- ☐ regional supply group
- ☐ other _____

3) About how much of what you produce is sold through a supply group?

- ☐ 76-100% ☐ 51-75% ☐ 26-50% ☐ 0-25%

What advantages/disadvantages do you see in selling your products in this way?

4) What skills are you interested in learning more about?

Please check all that apply.

a. Production

- ☐ how to apply new technology to improve your process/product
- ☐ how to evaluate shipping and storage options

b. Marketing skills

- ☐ how to promote your product
- ☐ how to position your product in the marketplace
- ☐ how to describe your product
- ☐ how to price your product

c. Business management/financial skills

- ☐ how to keep accurate records and use them for business planning
- ☐ how to focus your time and skills for the most benefit
- ☐ how to manage your employees

Do you think the skills needed for success differ for producers who market directly to customers versus those that who market their products in a supply group?

- ☐ Yes ☐ No

Survey Questions for Producers – Supply groups

January 2, 2006

Please return the completed survey in the enclosed postage-paid envelope.

Thank you for your participation.

If yes, how do they differ?

5) When you sell through a supply group, what marketing activities do you do?

Please check all that apply.

- ☐ use the label of the supply group
- ☐ represent the supply group at trade shows
- ☐ purchase print advertising
- ☐ purchase radio/TV/Internet advertising
- ☐ other, please specify:

6) Are you interested in growing your business in terms of:

- ☐ margin of profitability
- ☐ volume of production
- ☐ expanded product lines
- ☐ entering other markets

How long would you like to stay in this business?

_____ years

Do you consider your current sales sufficient to be profitable?

- ☐ Yes
- ☐ No

Comments:

7) How do you get current business information? Please check all that apply.

- ☐ Members of the supply group
- ☐ Industry publications
- ☐ Internet
- ☐ Newspaper
- ☐ State/County Extension specialists
- ☐ USDA
- ☐ Banker/Consultant
- ☐ Other _____

8) How do update your technical information/skills? Please check all that apply.

- ☐ sales consultants
- ☐ state/county Extension specialists
- ☐ industry publications
- ☐ local/regional workshops/seminars
- ☐ Internet
- ☐ national conferences

9) In what way would you prefer to gain business and technical knowledge in the future?

Please check all that apply.

- ☐ one-on-one training at your facility
- ☐ search the Internet
- ☐ attend a class, workshop, conference
- ☐ read an industry journal
- ☐ receive “single topic” publications by email or direct mail
- ☐ visit with sales consultants
- ☐ other _____

Appendix B.

Survey Data Summaries

Analysis and Comparison of the Technical and Business Planning Needs of Iowa Farmers Marketing Directly to Consumers and Iowa Farmers Marketing through Supply Chains

Project No: RWG 2005 B-03

June 30, 2006

Summary of survey data - Direct sales producers

n=109

1. What products do you sell?

| | |
|-----------------------------------|----|
| Eggs and dairy | 17 |
| Fruits and vegetables | 74 |
| Canned and preserved foods | 12 |
| Crafts | 24 |
| Breads and baked goods | 27 |
| Meat, poultry, fish | 16 |
| Flowers, herbs, ornamental plants | 32 |
| Other? | 19 |

Comments: ->

Cider, Bedding plants, Jams, Honey, Christmas trees, Bath & beauty products, Cook books

2. How do you sell your products?

| | |
|---|----|
| Directly from home or farm | 65 |
| At local farmers markets | 94 |
| Through selected retailers, grocers | 41 |
| To restaurants | 23 |
| Through community supported ag | 13 |
| Via mail-order or Internet | 17 |
| To institutional cafeterias | 5 |
| Through wholesalers or brokers (i.e. Lofreddo's, Sysco) | 7 |
| Consignment | 6 |

3. Do you pool you products...?

| | |
|-------------------|----|
| Yes | 20 |
| If yes, how much? | |
| All | 4 |
| Most | 2 |
| Half | 3 |

Advantages/Disadvantages do you see inselling as a group?

Advantages: Offer more of a variety of products to sell; able to supply on a wider variety of their need; more selection, increased traffic of consumers; can produce much more than we can pick ourselves; more quantity; Able to provide product for customers, even if we have a bad season or other problems; not attending 3-4 different markets/week.
Disadvantages: Can't control quality/ not uniform; transportation, sales force; produce not the same variety, so different maturity, flavor, appearance; fair pricing product for the producers; Whenever I have done this in the past, someone always takes over & doesn't care what the rest want, just does it for themselves & ruins it for everyone else.; keeping produce fresh during transit

4. What skills are you interested in..?

| | |
|-------------------------------------|----|
| Prod - apply new technology | 50 |
| Prod - evaluate shipping and storag | 28 |
| Marketing - promote product | 54 |
| Marketing - position product | 25 |
| Marketing - describe product | 20 |
| Marketing - price product | 49 |
| Management - accurate records | 38 |
| Management - time/skills | 45 |
| Management - employees | 17 |

4a. Do you think the skills differ....?

Yes 61

If yes, how? ->

More communications with different identities; not as many rulse; you're the only one they talk to about your product; groups usually have a "leader" to do the leg work; a group can spread the non-production tasks around; more skills to draw from; Coordination of production, distribution of jobs related to record keeping for group & how the people who do the extra jobs are compensated; you need to be more personable; There're different group dynamic issues when collaborating with a group vs. working alone & making all decisions.; There's more work needed to do this by yourself vs. others in a group.; Descriptions & characteristics of products need to be uniform over all members; Directly to consimers is a 1 on 1 teaching and learning lesson. Where group would probably be selling to one large buyer; timliness differs, eye for quality differs

5. When you describe your product...

| | |
|--------------------------|----|
| features of the product | 25 |
| benefits to the customer | 16 |
| both | 74 |

6. Are you interested in growing...

| | |
|--|---|
| margin of profitability | 59 |
| expanded product lines | 23 |
| volume of production | 37 |
| entering other markets | 32 |
| 6a. How long...to stay in business? -> | |
| thinking of quitting | 3 |
| 1-5 years | 10 |
| 6-10 years | 21 |
| 11-20 years | 23 |
| 21-35 years | 8 |
| 35-50 years | 2 |
| more than 50 years | 14 |
| 6b. Current level of sales profitable? | |
| Yes | 74 |
| Comments -> | |
| 7. How do you get current information? | |
| Other people in the same business | 86 |
| Internet | 48 |
| State/County Extension | 41 |
| Banker/Consultant | 7 |
| Industry publications | 54 |
| Newspaper | 24 |
| USDA | 15 |
| Other -> | College Specialist, Local projects, Farm Report IPTV, Vegetable seminars, PFI, Compare to food one buys, Magazines, Fliers, Workshops |
| 8. How do you update technical skills? | |
| Sales consultants | 14 |
| Industry publications | 50 |
| Internet | 38 |
| State/County Extension | 33 |
| Local/regional workshops/seminars | 56 |
| National conferences | 13 |
| 9. How would you prefer to get info....? | |
| One-on-one on-site training | 32 |
| Attend a class, workshop, conference | 58 |
| Read and industry journal | 40 |
| Visit with sales consultants | 17 |

| | |
|---|---|
| Receive email or direct mail publications | 56 |
| Search the Internet | 42 |
| Other -> | Field days, Extension counseling, Workshops scheduled during Farmer's Market meetings |

Analysis and Comparison of the Technical and Business Planning Needs of Iowa Farmers Marketing Directly to Consumers and Iowa Farmers Marketing through Supply Chains

Project No: RWG 2005 B-03

June 30, 2006

Summary of survey data - Supply group

n=59

1. What products do you sell?

| | |
|-----------------------------------|----|
| Eggs and dairy | 12 |
| Fruits and vegetables | 7 |
| Canned and preserved foods | 2 |
| Breads and baked goods | 1 |
| Meat, poultry, fish | 37 |
| Flowers, herbs, ornamental plants | 2 |
| Other | 13 |

Please specify ->

Soybeans, soybean oil, specialized corn and soybeans, non-GMO soybean meal, lo-linolenic soybean oil, Soy, Honey, Hay, Live hogs, Candles

2. What type of supply group are you in?

| | |
|---|----|
| Formal: Community supported agriculture (CSA) | 3 |
| Formal: Cooperative | 26 |
| Formal: Limited Liability Corporation (LLC) | 32 |
| Formal: Other | |
| Informal: Alliance | 2 |
| Informal: Regional supply group | 2 |
| Informal: Other | |

Grocery chain, Auctions, Meat Marketing Company, Direct sales

Private

3. Do you pool your products...?

| | |
|-------------|----|
| All | 42 |
| Most | 7 |
| Half | 3 |
| Very little | 8 |

Advantages/Disadvantages do you see in selling this way?

Advantages: Always someone to sell to; Better price for products, minimum price paid; One stop for several order (CSA); Able to focus on production; Co-op sells & advertises; fast way of selling products; control of the time of sale (within limits); Access to liberal marketing contract; stable market & price; Instant customer recognition & conferencing w. other vendors; gives local markets w/o having to go to farmer's markets; more privacy; Can get advice & info. from people who are on year side; Able to consistently supply market by pooling goods

Disadvantages: Loss of customer contact & local foods; Get what they're willing to pay; Increased paperwork; Delivery is limited to predesigned times, product must be raised in a specific protocol; More protocols; Stricter rules and production guidelines; education through supply chains that the slightly higher prices will offset quality; May end up w/ less money in pocket; Takes more marketing skills & time; Identity preservation & traceability of raw product

4. What skills are you interested in..?

| | |
|-------------------------------------|----|
| Prod - apply new technology | 35 |
| Prod - evaluate shipping and storag | 10 |
| Marketing - promote product | 22 |
| Marketing - position product | 13 |
| Marketing - describe product | 11 |
| Marketing - price product | 22 |
| Management - accurate records | 27 |
| Management - time/skills | 26 |
| Management - employees | 6 |

4a. Do you think the skills differ....?

| | |
|-----|----|
| Yes | 52 |
|-----|----|

If yes, how? ->

Co-op - Must maintain their requirements for eligibility; People skills, Marketing skills, hardworking/self-determination, personality, patience, customer relations, consumer's wants/needs/grade/etc., time management, production costs; changing costs, risk; Market access & networking

5. What marketing activities does your supply group use?

| | |
|---|----|
| Use the label of the supply group | 27 |
| Represent the supply group at trade shows | 24 |
| Purchase print advertising | 5 |
| Purchase radio/TV/Internet advertising | 4 |
| Other | 14 |

Please specify ->

Supply best/quality product, promote group in community, word of mouth, coordinate, local "testing fiars" for co-op & all producers, buy equity into co-op, share costs, deliver hogs to delivery point when ready, board of directors, listed in CSA brochures and e-mails, demos, PR, send farmers to East & West coasts for product samples at grocery stores & to visit w/ customers

6. Are you interested in growing...

| | |
|-------------------------|----|
| margin of profitability | 38 |
| expanded product lines | 15 |
| volume of production | 38 |
| entering other markets | 18 |

6a. How long...to stay in business? ->

| | |
|----------------------|----|
| thinking of quitting | 0 |
| 1-5 years | 2 |
| 6-10 years | 8 |
| 11-20 years | 18 |
| 21-35 years | 18 |
| 35-50 years | 2 |
| more than 50 years | 5 |

6b. Current level of sales profitable?

| | |
|-----|----|
| Yes | 42 |
|-----|----|

Comments ->

7. How do you get current information?

| | |
|------------------------------------|----|
| Members of the supply group | 56 |
| Internet | 30 |
| State/County Extension specialists | 28 |
| Banker/Consultant | 5 |
| Industry publications | 28 |
| Newspaper | 19 |
| USDA | 13 |

Other

Meetings, people work w/, organic papers, other farmers, vendors & producers, trial & error, Seed supplier, quarterly & annual meetings, radio

8. How do you update technical skills?

| | |
|-----------------------------------|----|
| Sales consultants | 20 |
| Industry publications | 24 |
| Internet | 25 |
| State/County Extension | 33 |
| Local/regional workshops/seminars | 40 |
| National conferences | 9 |

9. How would you prefer to get info....?

| | |
|---|----|
| One-on-one on-site training | 21 |
| Attend a class, workshop, conference | 41 |
| Search the Internet | 15 |
| Read an industry journal | 17 |
| Receive email or direct mail publications | 28 |
| Visit with sales consultants | 12 |

Other ->

Computer "breeze" meetings, meet customers, networking w/ other members,
vendors & suppliers

Appendix C.
Presentation Materials

Technical and Business Planning Needs of Iowa Farmers

Preliminary Survey Results

*Connie Hardy, Mary Holz-Clause, Craig Chase, Nicole Bogenreif
ISU Extension*

Survey conducted by:

ISU Extension Value Added Agriculture Program

Sponsored by:

ISU Leopold Center for Sustainable Agriculture



IOWA STATE UNIVERSITY
University Extension

Project goal:

To better understand the marketing and business planning needs of two groups of Iowa producers;

- 1) those who market directly to the end consumer
- 2) those who market through a supply group.

Background Information

- Currently 55 agricultural educators have completed Café II training, allowing them to help new food and farming ventures.
- These findings will help guide planning of educational programs.

Marketing Areas of Focus

**Direct
Sales**



**Supply
Groups**



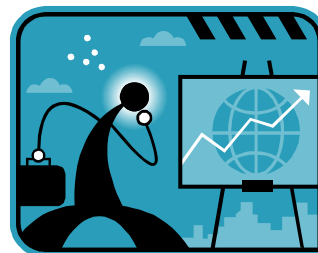
Design of Survey



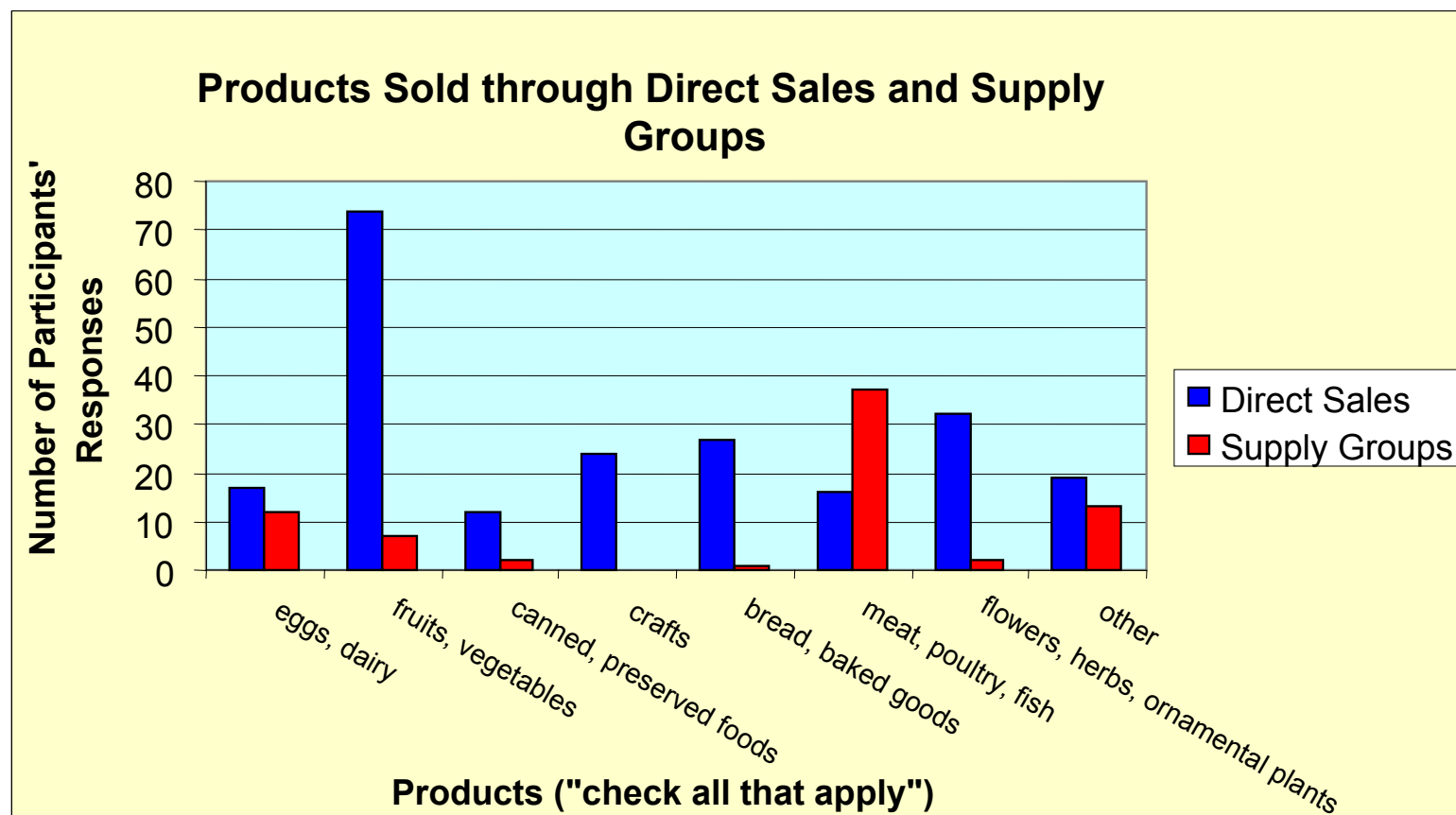
- Direct sales producers contacted:
 - Farmers markets (Oct. 05) – 54 participants
 - Direct mail – 294 mailed; 55 participants
- Supply group producers contacted:
 - Direct mail – 390 mailed: 59 participants

Part 1 Results: Participant Description

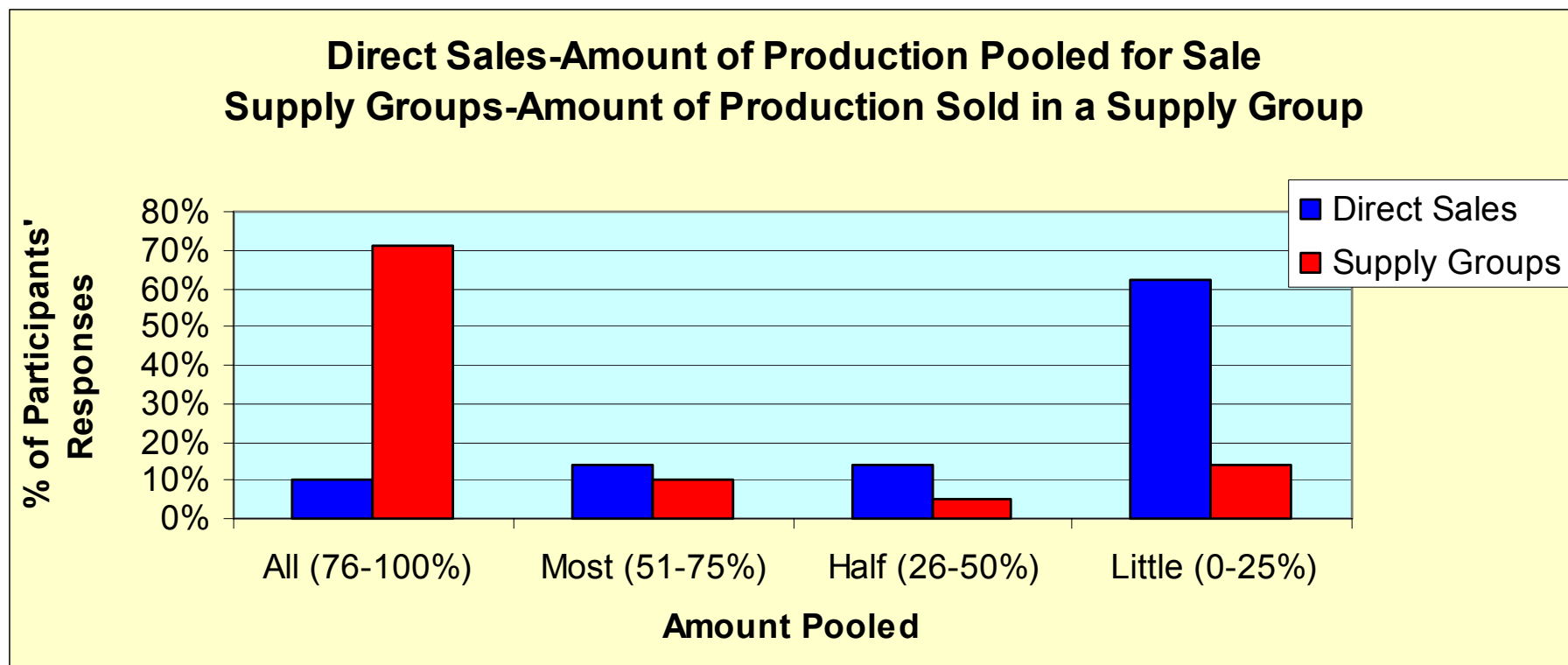
- Types of Products Sold
- Selling of Products
- Business Growth
- Business Timeline
- Current Sales of Business



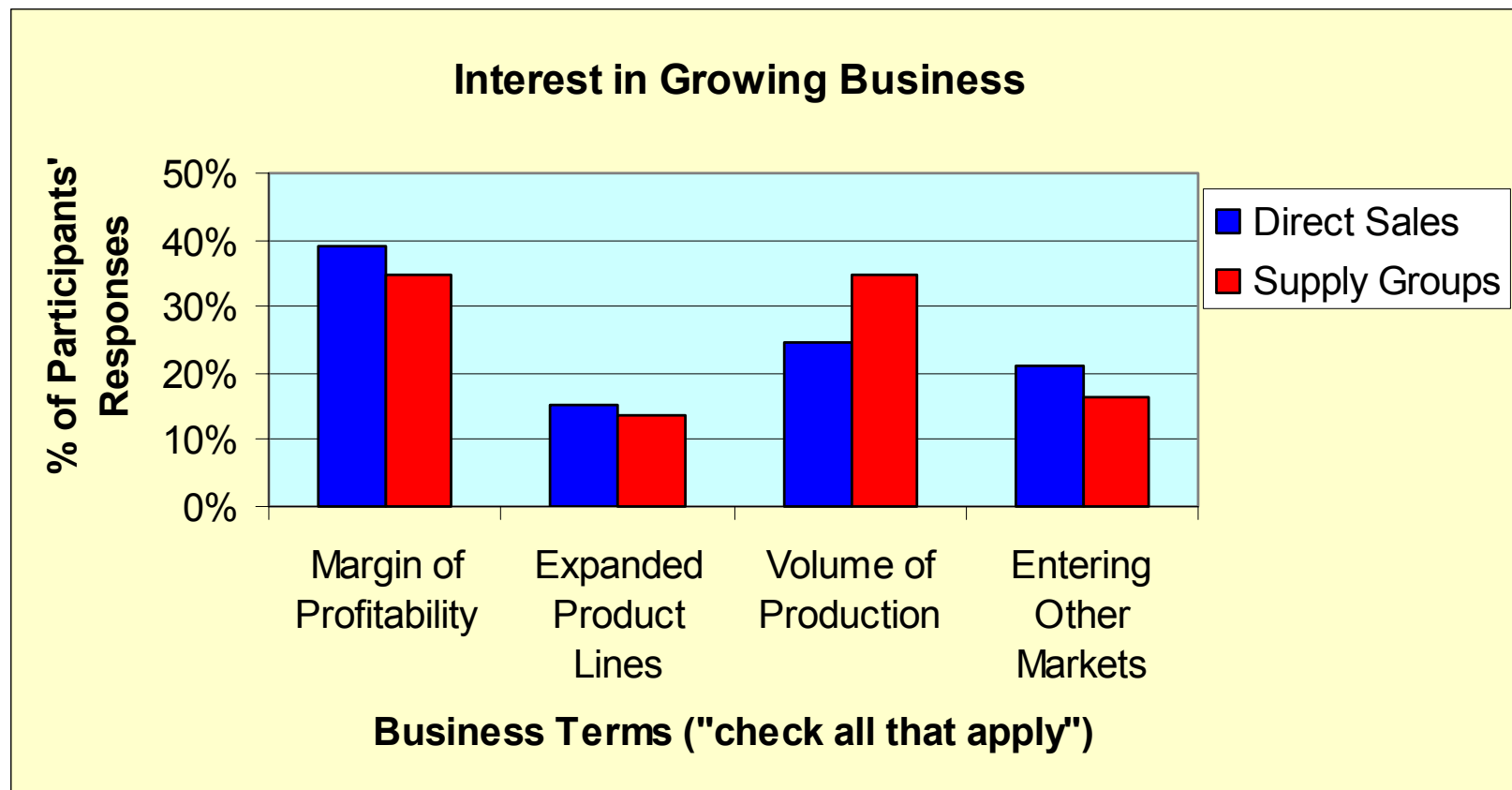
Types of Products Sold



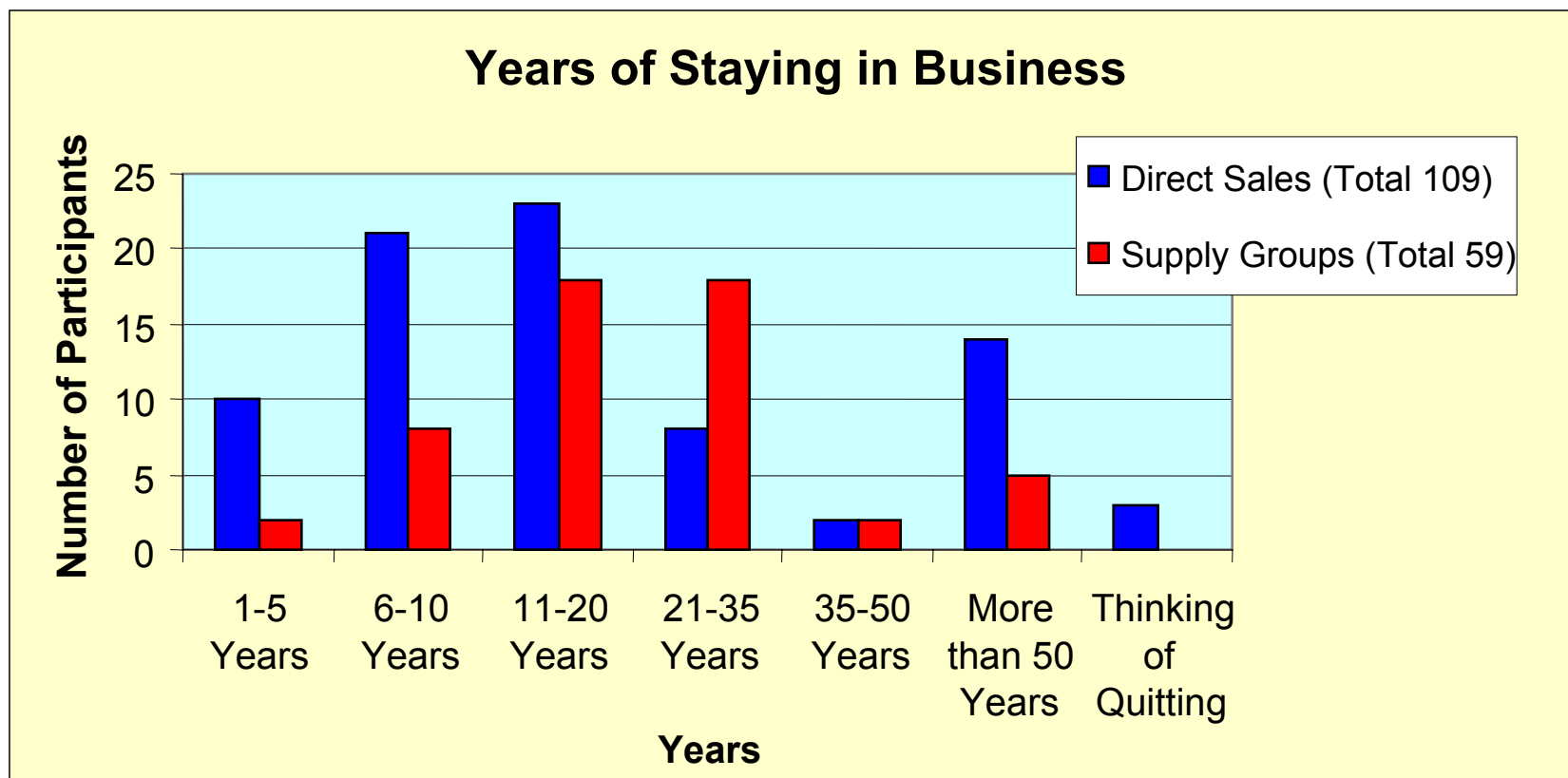
Selling in Groups



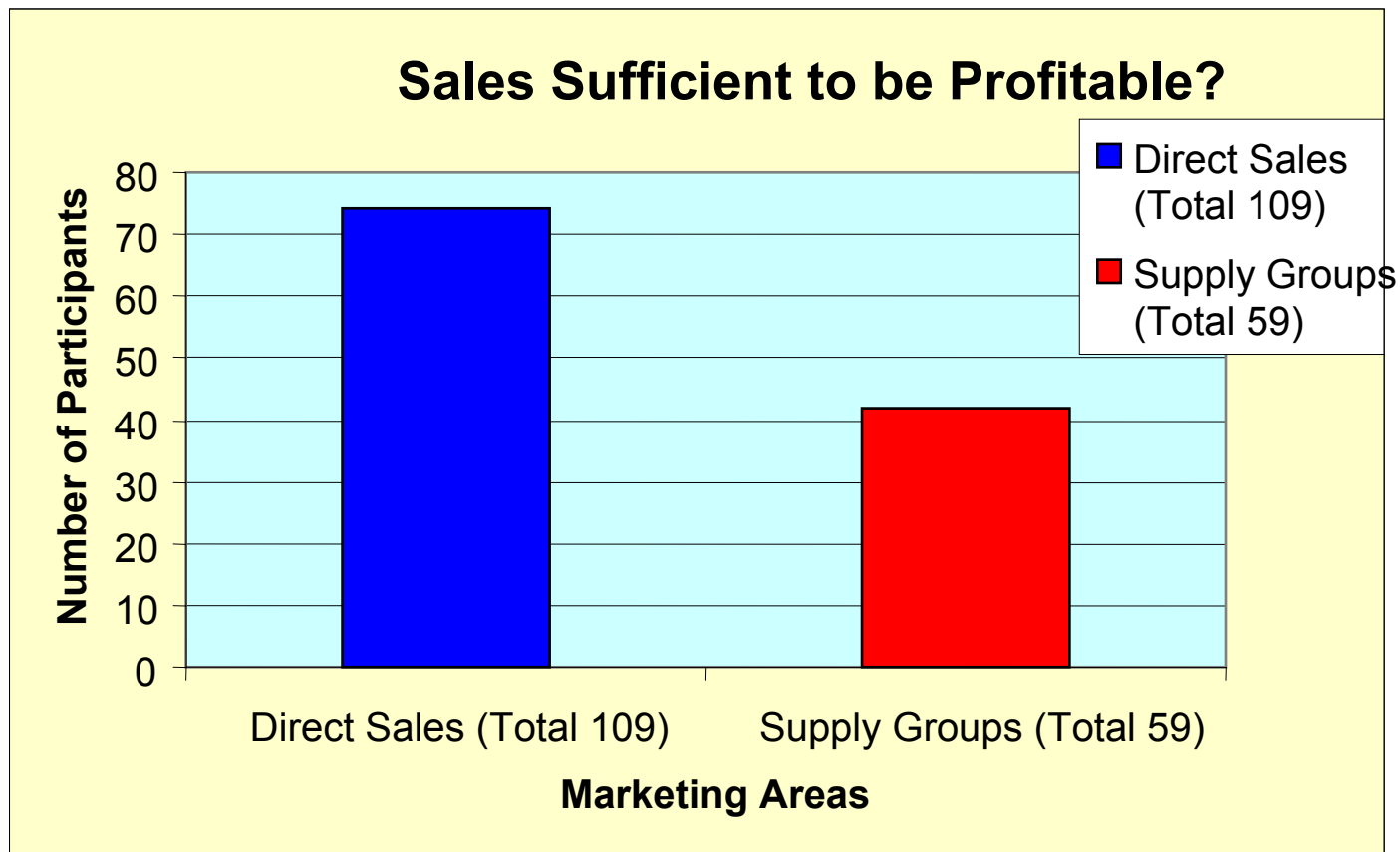
Business Growth



Business Timeline



Current Sales

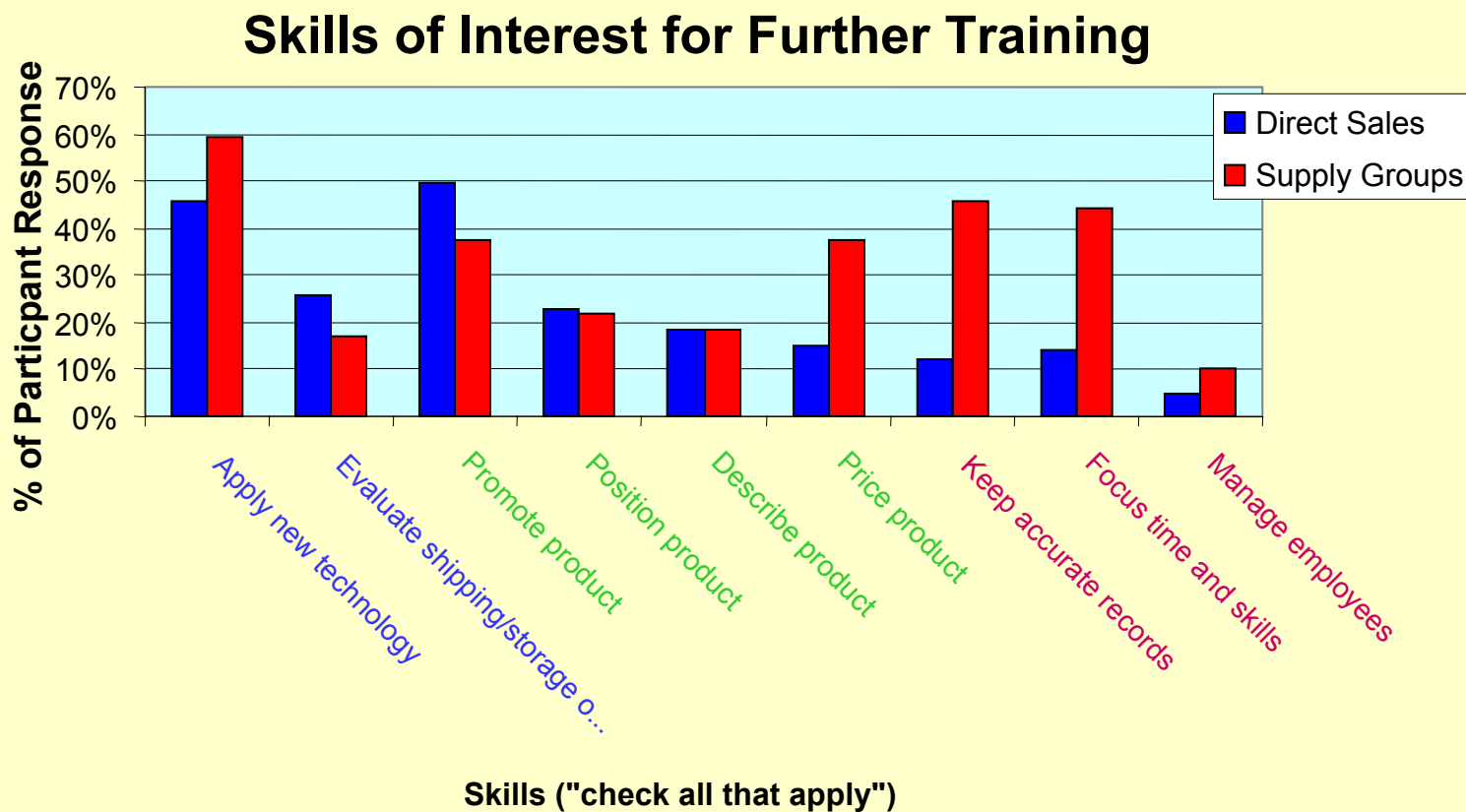


Part 2 Results:

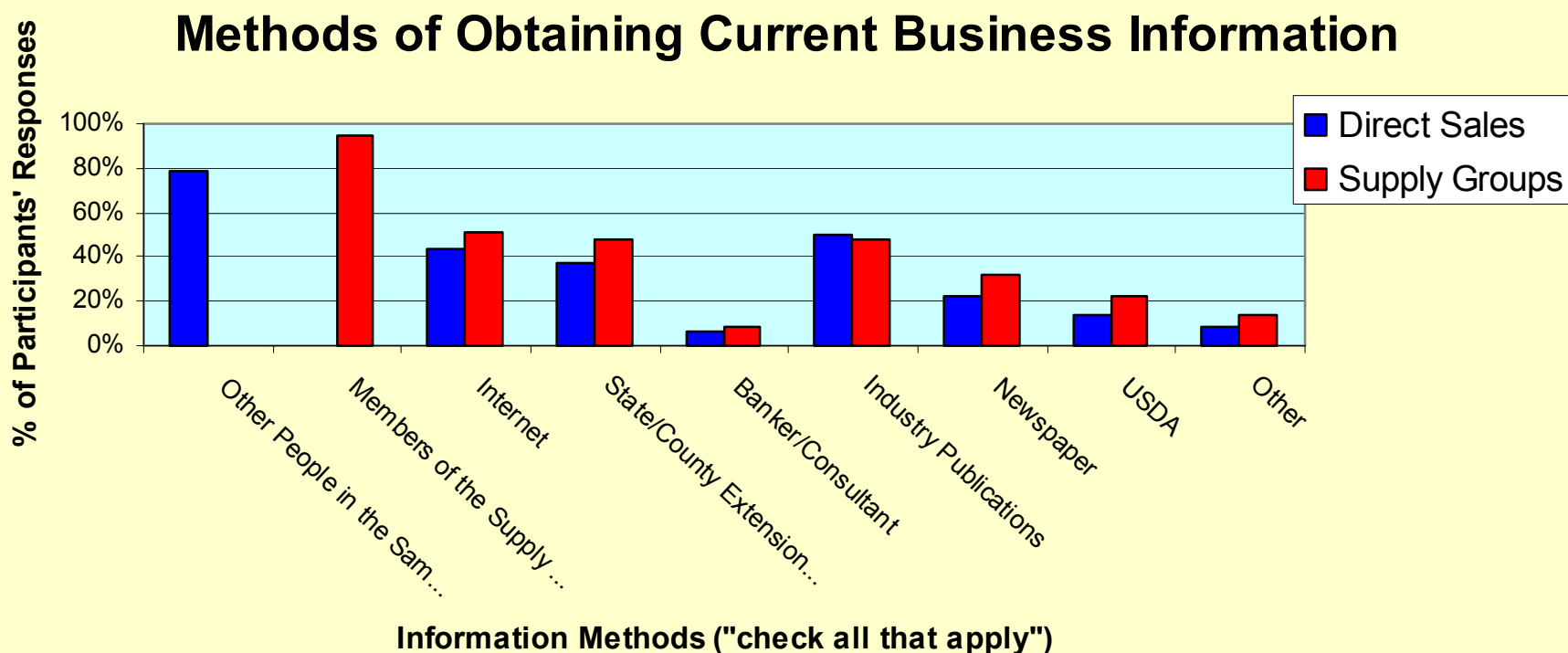
Where do we go from here?

- Skills of Interest
- Current Business Information
- Updated Technical Information and Skills
- Gaining Business and Technical Knowledge in the Future

Skills of Interest

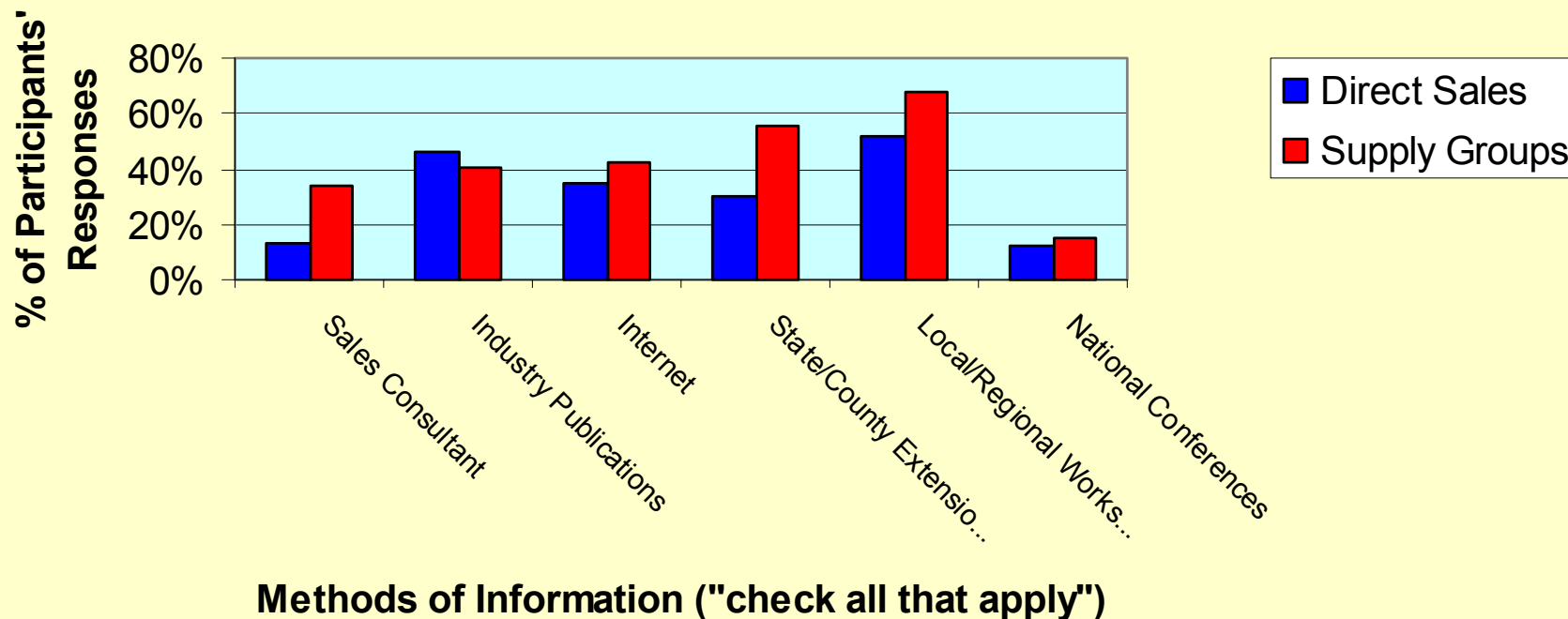


Current Business Information

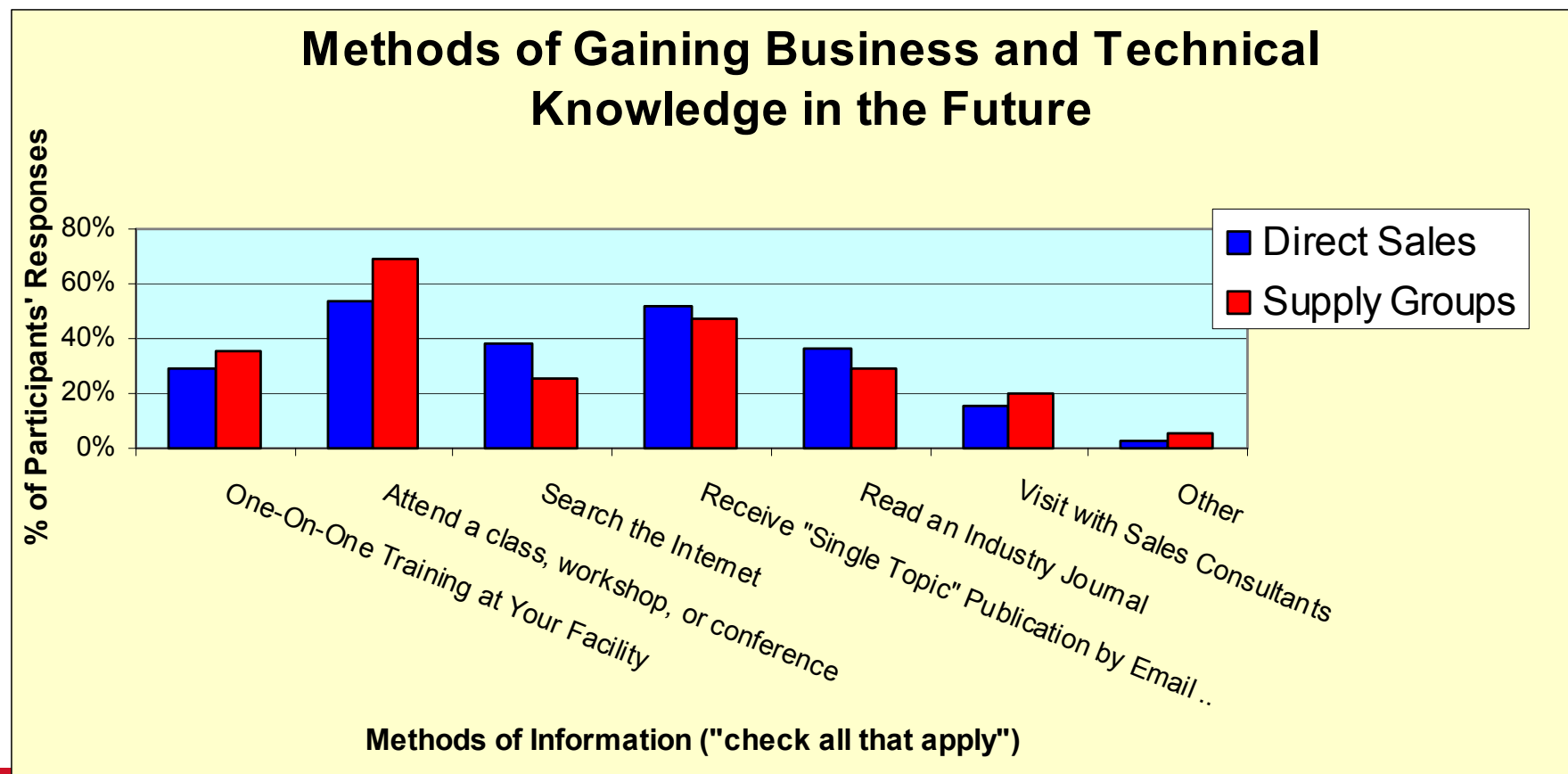


Updated Technical Information and Skills

How Technical Information and Skills Are Updated



Gaining Future Skills and Information



Recommendations

- Educational formats to use for both groups:
 - Local/regional workshop
 - Single-topic publications
 - One-on-one on-site training

Recommendations

- Direct sale producers are interested in learning how to pool products to:
 - Save time and energy by sharing work
 - Provide consistent supply
- Direct sale producers need help with:
 - Pricing strategies and sharing profits equitably
 - Providing consistent quality (QMS)

Recommendations

- Supply group producers are interested in learning how to understand and construct contracts.
- Supply group producers need help with:
 - Understanding aspects of contracts
 - Assessing equitable compensation within the contract

Acknowledgements

- ISU Leopold Center for Sustainable Agriculture
- ISU County Extension Education Directors
- Iowa Network for Community Agriculture
- Iowa Dept. of Agriculture and Land Stewardship
- Organic Valley, Eden Farms, Niman Ranch
- Organic Grassfed Beef, Asoyia, Innovative Growers
- Practical Farmers of Iowa