Maintaining Farm Identity Through Alternative Marketing Practices

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Table of Contents

I. Executive Summary

With a growing interest in local food and the systems that deliver local products to consumers, a strong emphasis is being placed on the feasibility of alternative marketing strategies. One alternative is collaborative marketing, which may come in many forms and can potentially develop into partnerships between growers and others. In partnership, shared investment in needed capital items or share responsibilities can streamline each partner's selling and delivery activities. Such collaborations, however, undoubtedly change the image of independent farms that place a great value in their own farm identity.

In the fall of 2007, the Intervale Center distributed a survey to over 300 farmers in Chittenden County and the adjacent Counties to better understand current production and marketing activities on Vermont Farms and how managers respond to the idea of collaborative marketing. The survey asks the following questions:

- How are producers currently marketing their products?
- Are current marketing strategies related to preferences for farm identity preservation?
- Does the preference for identity preservation impact willingness to explore co-marketing options?
- How do these preferences shape the development of collaborative marketing enterprises?

Interestingly, survey results indicate that responding farms conduct the majority of their business through direct marketing outlets and that they believe the preservation of their own farm identity is essential to their business. These same farms were also very interested in the idea of collaborative marketing with other growers.

- On average, 43% of all farms sales are directly to consumers (Farmers' Markets, Farm Retail and Subscription Shares).
- 66% of respondents said that identity preservation is essential to their business.
- Meat and Value-Added enterprises show a greater preference for identity preservation.
- 60% of respondents are interested in exploring co-marketing alternatives with other growers.

This report presents several recommendations to collaborative marketing projects as they move forward. A clear understanding of current farm marketing practices and the farmer preferences that accompany them are essential for each co-marketing project to serve its participants best. We have found that:

1. Co-marketing efforts that allow farms to maintain their own farm identity within a group of producers would be most successful in this region of Vermont.

2. Co-marketing partnerships will need to explore how and when collective branding is most beneficial for collaborative projects. The diverse product mix that is available from multiple farms could be highly valued by buyers and may be better recognized under a new brand and image.

II. Introduction

In recent years, Vermont has witnessed a flourishing interest in local food. This corresponds with an increased use of direct marketing methods on the part of local farmers. While direct marketing can be a positive way to expand farmer access to household consumers, there are also increasing opportunities to supply wholesale markets with Vermont raised products. There is a concern that current marketing methods do not fully meet the growing demand for local food from households, schools, restaurants and hospitals. Supply shortfalls indicate there are still barriers between the production of and the purchasing of local foods.

A challenge faced by all buyers seeking to source Vermont products is the inability of the local supply to consistently supply food in the desired quantity. Conversations with chefs and food buyers have identified that small quantities, short season of availability and lack of specific products (such as Vermont raised pork products) are ongoing challenges (Abda, 2007). One way to overcome this barrier is to develop collaborative marketing techniques that pool the resources and products of multiple businesses to ensure a greater reliability and consistency of product. For the many farms that rely heavily on individual farm identity and direct contact with customers, however, collaborative marketing activities must determine the most effective way to brand products among groups of farmers. Farm identity, group identity and customer recognition will continue to be essential marketing elements that can enhance the value of locally sold foods.

In 2008, expenditures for Food At Home was estimated at $2,245 per year per person and $4,351 per household for the state of Vermont (USDA, 2008)[1]. In Chittenden County alone, it is estimated that over $254 million is spent by residents on household food shopping. When $184 million is added for Food Away From Home expenditures for the same population, the potential for scaling up the sale of locally produced food to meet the $438 million total is staggering. The pressing question, however, is what marketing developments will be needed to meet these consumption patterns?

Alternative Marketing Practices

Alternative marketing practices, new relationships and new infrastructure will all be required to support a food economy that emphasizes local production. This is increasingly true as the household, restaurant and institutional market base for local food continues to grow. Chittenden County, the most populated region of the state, is an ideal area to initiate such developments. There are several ways in which collaborative marketing can be pursued. From collaborative Community Supported Agriculture farms (CSAs) to farmer owned brokerages, the form that is most appropriate for a region or state will depend heavily upon the needs and resources of each particular case. Red Tomato in Canton, MA, The Growers Collaborative in Southern California, Penn's Corner in Shelocta, PA, Tuscarora Organic Growers Cooperative in Hustontown, PA and Deep Root Organic in VT in are unique examples of how collaborative marketing can serve both farmers and consumers. It is important to acknowledge that preferences for identity preservation can impact the degree to which producers wish to participate in collaborative ventures. If identity preservation is a priority for producers, those who facilitate the creation of alternative marketing structures would be well advised to consider this preference and plan their business structure accordingly.

Research Questions

The increased demand for locally produced goods from households, restaurants, retail businesses and food service operators charges the Vermont food economy to adapt in order to overcome production and marketing challenges. In the interest of increasing access to the growing local food market for Vermont farmers, it is important to understand four things:

- How are producers currently marketing their products?
- Are current marketing strategies related to preferences for farm identity preservation?
- Do preferences for identity preservation impact willingness to explore co-marketing options?
- How do these preferences shape the development of collaborative marketing solutions?

This report analyzes a selection of responses to the 2007 Intervale Center Vermont Farm Producer Survey in order to understand the potential for co-marketing activities to enhance market access to producers. Results will be useful to entrepreneurs, food systems planners and

1 Average state household size of 2.44 individuals, Chittenden County Households (2008 projection) 58,502. Vermont State Data Center

other stakeholders seeking to facilitate the development of marketing solutions for these farm businesses.

III. Methods

In fall 2007, the Intervale Center in Burlington, Vermont conducted the Vermont Farm Producer Survey. Survey recipients were limited to those that produced food-items within Chittenden and the 5 surrounding counties (Lamoille, Addison, Grande Isle, Franklin and Washington). Producers who sell primarily fluid milk were not included in the survey. Due to the shortage of meat producers in the region, farms that raised meat products in other Vermont counties were included. The survey was mailed to 301 producers. At the time this report was written, the Intervale Center had received 104 completed surveys, for a response rate of 34.7%. This report analyzes several marketing questions from this survey. The final version of the Vermont Farm Producer Survey can be found online at the Intervale Center web site.[2]

IV. Findings

General

Farmers surveyed had been farming an average of 20 years (median 14 years). Total farm acreage (which includes forested land) ranged from a minimum of 1 acre to a maximum of 1,200 acres. The average farm size was 169 acres. The majority of farms maintained a total farm size of 5-49 acres (29.5 %), followed next by 21.1% with 100-199 acres and 16.8% with 300 acres or larger. The smallest farms, comprised of less than 5 acres, accounted for 9.5% of survey respondents. The vast majority of farms obtained a gross income of $49,000 or less (57%). One observes a significant difference in the total farm acreage between small and large income farms. The average farm acreage of the 52 farms that gross $0 -$49,000 is 149 acres, while the average acreage of the farms comprising the largest gross income category of $250,000 and greater was equal to 380 acres.

In order to evaluate marketing practices, individual outlet types were grouped into the following categories: Direct to Consumer, Wholesale Direct, Wholesale Distributor, Even Mix and Other.

Current Markets

Responses to the 2007 Vermont Farm Producer Survey show that just under half the respondents sell directly to consumers (43%) as their primary marketing method. This category includes face to face sales (farmers' markets, farm stands) and subscription sales (CSA farms). This is the most common outlet type pursued by farmers responding to this survey. The majority of these farms fall into the 5-49 acre size category. The majority of these farms (67%) generated gross sales of $0- $49,000 in 2006 while the next most common income level was $50,000 - $99,999 (20% of primarily direct market farms) (Figure 1)

When farmers choose to sell their product to restaurants, caterers and grocers without using a distributor, they are categorized as "wholesale direct." Vermont producers who market wholesale direct represent the second largest group of respondents. When farms in this marketing category were defined by size, the largest group had a farm size of 300 acres or more (30%). The next most common size was evenly split between farms of 5-49 acres and 100-199 acres (26%

[2] Intervale Center: http://www.intervale.org/programs/agricultural_development/food_hub.shtml

each). Most of these farms earned a gross income of $0- $49,000 (54%) and the next most common income level was $250,000 or greater (13% of farms that focus on direct wholesale).

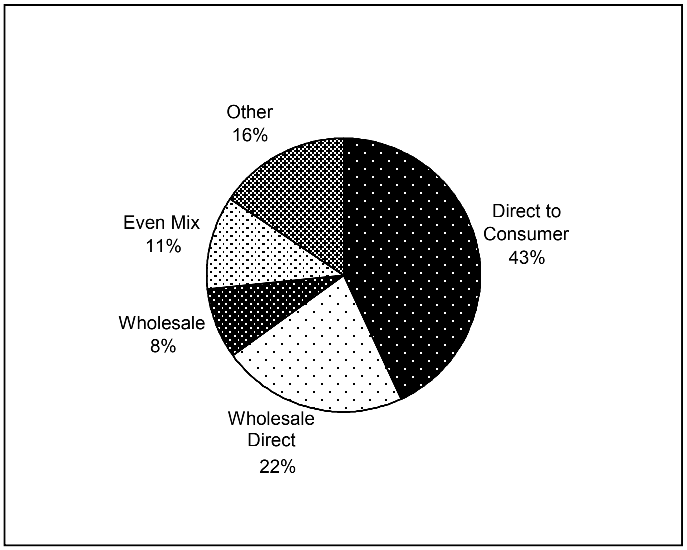

Figure 1: Marketing strategies (n=109)

The next largest group was categorized as "other" and is comprised of respondents who sold their products through mail order, friends, neighbors, word of mouth or forward contract. Sixteen percent of farms sold the majority of their product through these outlets. Five out of eleven of these farms generated gross sales between $0 - $49,000 and the farm size was evenly spread among all the categories.

Eleven percent of farms were identified as "even-mix" marketers. This group was comprised of producers whose two main outlet categories represent a similar percentage of their overall marketing. In other words, if two outlet categories did not differ by more than 20% then the farm's marketing was defined as "even mix". An example of this is a farm that markets 55% of its product *direct to consumer* and 45% *wholesale direct*.

Vermont producers who market primarily through wholesale distributors represent a minority of respondents to this survey, only 9 farms. The most common gross income category for these farms was $100,000 - $149,999 in 2006. Farm size was evenly split between the 3 categories of 5-49 acres, 100-199 acres and 300 acres or more.

Identity Preservation

Preferences for identity preservation differ between main enterprise categories. The main enterprise categories identified in the survey were "meat," "vegetable and fruit," "maple," "value added" and "other." Producers who reported these market categories as their primary products were compared in order to determine if what they produced was related to their preferences for identity preservation (Figure 2). Of the respondents who produce value-added goods, 100% value identity preservation. Meat producers reported the second highest rate of preference for identity preservation. The third highest rate occurred among respondents who produce goods in the "other" category, such as soaps and wool.

Meanwhile, maple, vegetable and fruit producers are less unified in their preferences for maintaining name association between their farm and her products. This finding could be explained by the difficulty with which these products are differentiated when sold in bulk.

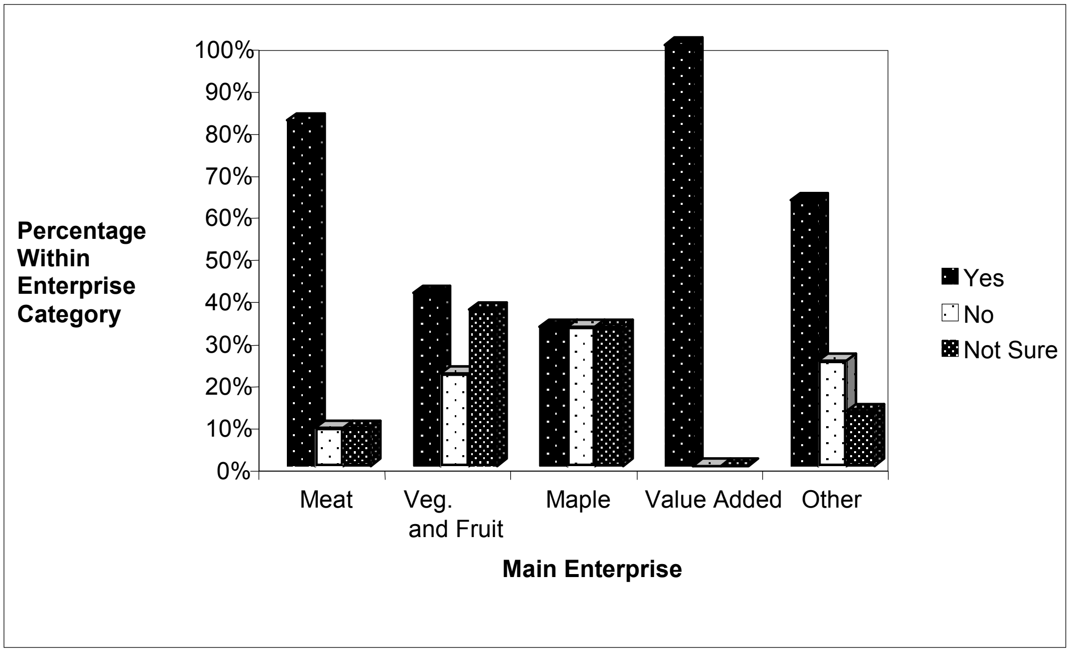

Figure 2: Preference for identity preservation (n =115)

In Figure 3, we observe that preference for identity preservation is equally strong across all major outlet categories. Approximately 70% of businesses in each category show a preference for identity preservation. Farm managers that market products directly to consumers, wholesale direct and through wholesale distributors generally prefer to maintain their individual farm identity when marketing products.

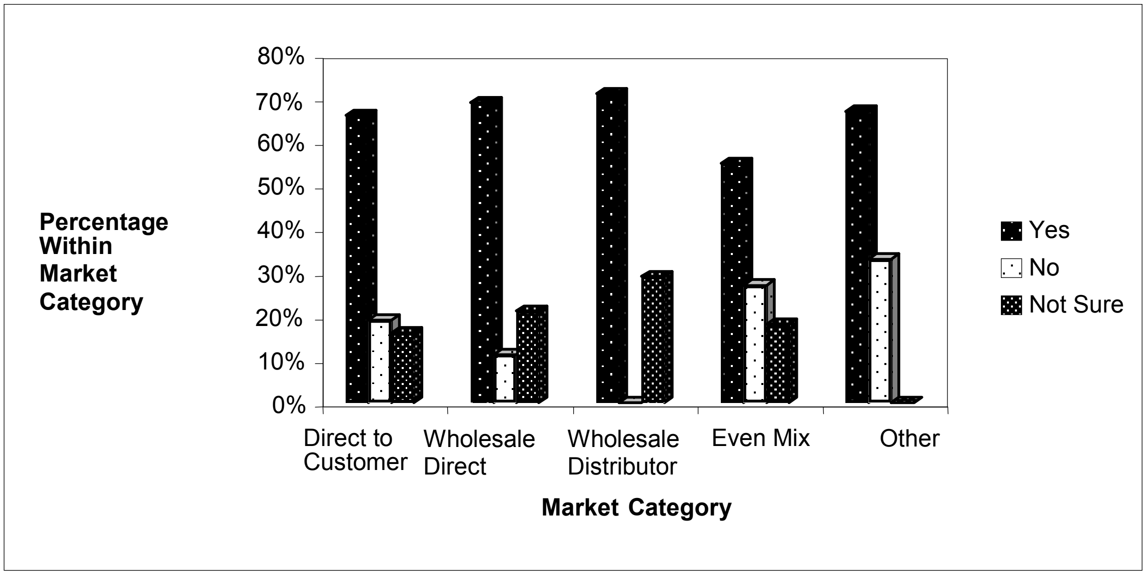

Figure 3: Preference for identity preservation for major outlet categories (n =115)

Responses from open-ended portions of the survey show the diverse reasons why producers value having the identity of their farm associated with their products. Some respondents state that they believe that their farm identity communicates high quality to their customers. One respondent reported, "We have built a reputation built on our name and want to preserve that." Several believe that without the distinction of their label, they would loose a loyal customer base or would be indistinguishable from producers who sell lower quality products. An individual farm identity can signal that quality. Meanwhile, other producers want their farm identity (and therefore their products) to be associated with their other community service activities.

Yet another reason for identity preservation preferences among farmers is connected to the "buy local" movement in Vermont. Farmers want consumers to know where their food is raised so that a greater connection to place-based agriculture can be cultivated. One respondent noted that it is "very important for people to know the location of the farm." Another stated, "People need to know where food comes from." Preservation of a farm's identity and point of origin is essential to informing the customer who seeks to buy the most local product he can find. Several CSA farm managers indicated the goal of connecting consumers with the place their food comes from. This choice of marketing makes sense for these producers, as CSAs have been cited as the most effective selling method for achieving customer connection with farms and farmers (Stagl, 2002).

For the small number of respondents that did not feel identity preservation was essential to their business, access to new markets is viewed as a more important goal than name recognition. As one producer stated, "We are fond of our ID, but concede to the benefits of marketing in a group." Another farmer responded by saying that "farm (identity) is an ego trip, we're all in this together." Other producers note a willingness to contribute surplus to a marketing venture that did not maintain the labeled association between farm and product. Marketing under a different brand is an option that respondents in this group respond to positively.

Interest in Collaborative Marketing

The majority of respondents were open to the idea of collaborative marketing methods. Sixty one percent of respondents would consider joint marketing with other farms to access new markets while only 18% indicated they would not consider that alternative. The remaining respondents were unsure. We observe a significant difference in preference for identity preservation between main enterprise types (Chi-Square= 15.09, $p \leq .10$). Meat and Value Added enterprises show a greater preference for identify preservation compared to vegetable, maple and other product categories.

The next step in the analysis was to assess the willingness to consider co-marketing options given a certain preference for identity preservation. In Table 1 (below) we can see that the majority of respondents who value identity preservation indicated that they are open to co-marketing. We also see that *all* of the respondents who believed that identity preservation **is not** important are open to co-marketing as well.

Table 1: Identity preservation and willingness to co-market (n=55)

	ID preservation is important		ID preservation is not important	
	Percent	Frequency	Percent	Frequency
Open to co-marketing	64%	28	100%	11
Not open to co-marketing	5%	2	0%	0
Don't know	31%	14	0%	0
Total	100%	44	100%	11

In Table 1, we see that 44 out of 55 farms that answered both these questions felt that identity preservation was important to their business. From that group, 28 (64%) are still open to exploring co-marketing opportunities, and only 2 (5%) would not be interested. There were 11 farms that did not feel identity preservation was important to their business and all 11 farms are open to co-marketing opportunities.

These results indicate a majority of respondents who believe that identity preservation is an important factor in their marketing strategy are also open to the possibility of co-marketing with other farms.

V. Recommendations

Findings indicate that co-marketing efforts that allow farms to maintain their own farm identity within a group of producers would be most successful in attracting a diversity of Vermont grown products. The ability of a co-marketing venture to do this will vary depending on the product in question.

With a large percentage of Vermont producers who currently choose to market their products directly to the consumer, it is important that alternative marketing ventures take into account the positive aspects of direct marketing and try to incorporate them into new ventures.

It is possible that these positive attributes, such as high levels of social interaction, high rates of accountability and traceability of food, increased return for farmers, lower costs to consumers and increased farmer responsiveness can be retained in co-marketing strategies (Asebo, 2007; Halweil, 2002; Pelch, 1996). Ideally, the disadvantages that include transportation costs for farmers, limited seasonality of products and the significant demand for labor can simultaneously be reduced (Walter, Boeckenstedt, & Chase, 2007). This could be accomplished by creating a producer cooperative that shares delivery responsibilities among members. Rotating a shared trucking route could maximize overall delivered volume while improving the labor efficiency across the group as a whole and maintaining a face-to-face familiarity with buyers. A variety of other business ownership and management structures exist that may guide the important aspects of order transmittance, vehicle ownership and labor.

Other options to maintain the benefit of direct marketing include inviting buyers and farmers to on-farm events, hosting voluntary "work days" on the farms or arranging tours during the growing season. The specific methods for incorporating the positive aspects of direct-marketing with greater efficiency and accessibility will be different for every region and every group of people (Pretty, 2001).

As marketing innovations develop to reach a larger customer base, it will be important to identify the producers with the capacity to sell wholesale direct as a significant resource, both for information and infrastructure. According to the United Nations Statistics Division, the principal services provided by wholesalers include purchasing product, repackaging and reselling to (primarily) customers who buy in significant volume. This process entails intensive investments in delivery, refrigeration and processing infrastructure, in addition to promotion and transportation services (United Nations Statistics Division, 2007). In fact, approximately 20% of producers who currently sell "wholesale direct" noted a willingness to share specific resources with other producers looking to enter a new market. In addition, approximately 37% of producers of the same "wholesale direct" group noted a willingness to share information and/or resources. In the interest of increasing the capacity of small and mid-sized producers to sell to large-scale markets, developments should coordinate the knowledge and infrastructure already present in their region and maximize these existing resources.

Specifically, we make four recommendations moving forward:

1. **Packaging and Labeling.** The type of shared packaging or labeling used by a collaborative of growers will vary depending on farmer preference. Pre-packaged meat cuts are easily labeled with individual farm brands and a co-marketing brand. A collectively used label can be paired with individual packaging with little additional labor. Fewer vegetable producers have unique labels, bags and stickers that identify products when sold in bulk, so careful labeling for co-marketing ventures is critical when preservation of farm identity is important to individual farmers. Flyers,

brochures and web-based product descriptions are potential ways to communicate farm identity in co-marketing.

2. **Product Mix**. Co-marketing partnerships will need to explore how and when collective branding will be most beneficial for collaborative projects. The diverse product mix available from multiple farms could be highly valued by buyers and may be better recognized under a new brand and image.

3. **Direct Marketing**. Because so many of the farmers who are interested in co-marketing are also direct marketers, it is critical to incorporate direct marketing attributes into co-marketing strategies.

4. **Infrastructure**. It is also important to maximize use of existing infrastructure and resources as Vermont farmers scale up production and marketing.

Promotional Efforts

Among Vermont producers, preference for identity preservation does not exclude willingness to explore collaborative marketing. Meats, cheeses, breads, value added and other items that are pre-packaged are easily labeled with the brand of the individual farm. Approximately 70% of meat producers that responded to questions regarding willingness to co-market show interest in pursuing such a venture, and it appears that maintaining their identity could easily be achieved with these simple promotional materials.

In comparison, only about half of vegetable producers who responded are open to co-marketing and vegetable producers overall show less preference for identity preservation than other categories. It is difficult to determine from this survey if these producers are not in the need of any new marketing options, or this option in particular is not of interest to them. This could also reflect the difficulty of differentiating bulk or bunched vegetables that would be commingled before resale. Attracting vegetable producers who do value identity preservation to co-marketing ventures that do not ensure farm identification may prove to be challenging. Alternate ways in which vegetable producers may retain their farm identity include numerous point of purchase materials (POP) like brochures, inserts, calendars and more that identify the farm. Branded rubber bands, tags and twist-ties may be simple solutions to retaining farm identity for bunched products. Hosting events on farm or in retail environments would also increase farm visibility.

This survey did not ask farmers how they would perceive the development of a unique group brand. If such a brand were developed, it is expected that there would need to be discussion on how to communicate both group and individual branding on products, packaging, vehicles and promotional materials. These choices will be very influential in the overall brand success and also the ability for co-marketing participation to promote other farm product offerings not sold through the group venture.

Overall, developing projects will need to consider the reason farms value identity preservation. If a collaborative brand is capable of generating customer recognition and adding value to the product in the marketplace, increased product profitability could make co-marketing and co-branding more attractive. On the other hand, farms that market to a variety of outlet types will likely continue to strive for identity preservation in order to promote their farm name and future sales through other outlets. Exposing new customers to their brand would have the potential to promote future sales through their other direct marketing avenues.

VI. Conclusion

In order to increase the level of access for Vermont farmers to the growing population of local food consumers, it is important to utilize new and creative marketing strategies that address barriers between farmers and the expanding market. Collaborative marketing can potentially address the most persistent of these barriers, including freshness, availability and cost. Current marketing methods, product categories and producer preferences for identity preservation represent three variables that affect the success of co-marketing efforts.

This research shows that while Vermont producers currently use direct marketing outlets more than other methods, most are open to exploring collaborative methods in the interest of reaching a new sector of consumers. While producer preferences for identity preservation do not preclude willingness to explore co-marketing ventures, most producers show a preference for identity preservation. Therefore, provisions for maintaining farm brand must be made when designing co-marketing strategies.

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