

Alternative Agriculture Marketing Guide

After farms produce and harvest their alternative agriculture products, the commitment to their products often continues. To earn a positive financial return, farms must identify and pursue viable markets for their goods. To help with the marketing piece, this resource explains several market channels available to alternative agriculture farms, shares key considerations involved in marketing alternative agriculture products and links to several resources that Missouri farms may use as they market their alternative agriculture goods.

Product Type

Farms raising alternative agriculture products may choose to sell fresh goods or create value-added products through certain production, handling or processing practices.

Fresh Product

"Fresh" tends to be an attribute that drives food purchases. In most cases, fresh products have a limited shelf life. However, creating the appropriate storage conditions can maintain a product's quality, and it can enable a farm to market its goods during a longer period of time. In particular, farms that choose to sell fresh products may require a storage facility if a buyer isn't immediately available after harvest.

Specific storage needs vary by product. The following resources share more details and best practices related to storing agricultural products:

[Produce Facts](#) (UC Davis Postharvest Technology)

[Postharvest Technology Series](#) (North Carolina State Extension)

Value-Added Product

The term "value-added agriculture" may have different meanings for different people. Generally, it refers to enhancing an agricultural product's value through changing its physical state, raising it in a differentiated way or physically segregating it from other products. As examples, it includes products made by grinding, drying or processing farm goods; those raised in a sustainable way; or those segregated through identity preservation.

With value-added products, farms may find ways to fully utilize their annual production and limit food waste. Additionally, value-added products may enable farms to sell goods during the offseason when they wouldn't otherwise have fresh goods available. Value-added products include dried herbs, jellies and jams, barbecue sauces, syrups, breads, pies, roasted vegetables, wines, cereals, baking mixes, soup mixes and pickles.

Before a farm pursues value-added marketing, it should thoroughly research whether a market exists for the particular product of interest. Recently, more farms have pursued value-added production, so your operation must differentiate itself from the competition. Also, the economics are important. A farm should evaluate whether it could at least break

even in offering the value-added product. To manage costs and receive some new product development assistance, farms could engage a co-processor. It could provide equipment and expertise. If a farm chooses to create value-added goods on its own, then staff must have enough time to devote to the value-added venture.

To learn more about value-added agricultural goods, refer to the following resources:

[Keys to Success in Value-Added Agriculture](#) (National Center for Appropriate Technology)

[Value-Added Marketing](#) (USDA National Agricultural Library)

[What is the Value-added Agriculture?](#) (Agricultural Marketing Resource Center)

Regardless of whether farms sell fresh goods or value-added products, they must consider their liability, insurance and food safety responsibilities. Adopting Good Agricultural Practices (GAP), Good Handling Practices (GHP) and food safety practices will be important. Through GAP and GHP, farms voluntarily submit to third-party certification that verifies that they have worked to keep food safe at all production, packing, handling, processing and storage stages. To learn more, reference the following resources:

[Good Agricultural Practices/Good Handling Practices](#) (Penn State College of Agricultural Sciences)

[Good Agricultural Practices & Good Handling Practices](#) (USDA Agricultural Marketing Service)

[On-farm Food Safety: Guide to Good Agricultural Practices \(GAPs\)](#) (Iowa State University)

Direct-to-Consumer Marketing

By pursuing direct-to-consumer marketing, farms assume responsibility for not only producing a good but also selling it to consumers. Because growers are involved at more value chain steps, they may earn more per unit sold than what they'd earn from selling product at wholesale or through middlemen such as brokers. Plus, because producers interact face to face to buyers, they learn about consumer preferences. That information can help farms deliver products that consumers want and need. The face-to-face contact also enables farms to share their stories with consumers.

When a farm engages in more value chain steps, it may have different legal responsibilities and risks. This resource shares more details about legal implications for direct marketers:

[The Legal Guide for Direct Farm Marketing](#) (Drake Agricultural Law Center)

The following sections describe several direct-to-consumer marketing opportunities for farms selling alternative agriculture products: agritourism, community-supported agriculture, farmers markets, roadside stands and U-pick arrangements.

Agritourism

Agritourism focuses on inviting the public to a farm for some sort of activity. By visiting a farm, consumers can at least partially experience life there. Agritourism can focus on educating or entertaining consumers, or the activity may directly involve the visitor in the farm's work. Adding an agritourism activity to a farm can give on-farm workers more consistent employment and generate added farm revenue through admittance fees and "bonus" activity charges. Plus, agritourism attractions may introduce visitors to goods that the farm produces and encourage those visitors to buy the farm's products.

The type of guest attracted to an agritourism activity will depend on the activity itself. Audiences including tourists, families, children and school groups may visit agritourism operations. If an agritourism operation is located near a population center, then it may have a good chance at consistently attracting visitors. However, a fun and novel experience may be worth the travel to a more distant farm location.

On farms, agritourism options are broad. They include designing a corn maze, hosting tours, offering on-farm lodging, providing hunting and fishing excursions, leasing facilities for weddings and other events, planning holiday celebrations, riding horses, organizing hay or wagon rides, watching wildlife, camping, hiking and showcasing musical artists.

Before launching an agritourism venture, farms should consult state, county and municipal agencies about regulatory requirements. The farm itself may require an investment in renovations, insurance, labor and marketing. For example, farms operating an on-farm store or agritourism attraction require staff who are pleasant and enjoy interacting with people. Also, the farm itself should be well-maintained and clean.

With an agritourism operation, working on evenings and holidays — when consumers have time to visit — may be necessary. Because the agritourism venture may attract crowds, traffic congestion may be significant at peak visit times. Neighbors should be aware of this possibility. The farm family itself will also be affected by an agritourism operation, so check that your family members are supportive of the venture.

Community-Supported Agriculture (CSA)

A community-supported agriculture (CSA) program often works like a subscription service that gives buyers access to a box of farm products on a weekly, monthly or some other regular basis. Buyers often purchase a "share" when the season starts, and they pay for the full seasonal subscription at that time. During the growing season, subscribers receive boxes of farm products delivered to their homes, or they may meet the producer at a designated location to pick up their boxes.

Most CSAs operate as farmer-driven programs that sell shares to consumers. In this model, producers organize the CSA and are predominantly responsible for making decisions. On the other hand, a shareholder CSA may start when a group of consumers creates the CSA, recruits subscribers and hires a producer to do the farmwork. In this model, the consumers who founded the CSA — or some other shareholder subset — lead the decision-making.

Often, CSAs operate with the understanding that a subscription is an investment in the farm, not necessarily a guarantee that subscribers will receive a certain box of goods at a certain time. In these cases, the subscriber participates in the farm's risk. In a productive

year, the farm will share its bounty with subscribers, but in a less productive year, subscribers share the crop failure with the farm.

For a CSA to succeed, a farm must attract enough subscribers. Some institutions, including hospitals and businesses, may provide their workers with a CSA subscription as a perk, so check with local employers about whether they're interested in purchasing subscriptions. The price of a CSA share may affect interest in subscribing. A subscription's price should align with the value that subscribers receive from their CSA participation. It should also compensate the farm for the expenses that it incurs in producing the CSA items.

Subscription boxes tend to include a diversified product mix. If one operation doesn't raise varied products, then several farms may collaborate and market their goods through one CSA. To give subscribers other options, farms may allow them to customize their boxes, structure a payment plan if an upfront investment isn't possible, purchase a half share instead of full one, choose bonus items through a loyalty program and receive discounts at other local establishment. Do your research to identify CSA preferences of local consumers. Then, your CSA can implement practices that specifically appeal to that target audience.

Instead of requesting payment for a full subscription's cost, some CSAs permit subscribers to work for their shares. Regardless, tracking subscriber payments or in-kind work and subscriber box deliveries are essential on a subscriber-by-subscriber basis. Other opportunities to engage subscribers including inviting them to the farm for events, such as dinners or field days. Creating and delivering a regular newsletter can share information about the operation, the goods in an upcoming box, recipes for using those goods and ideas for storing or preserving box items.

[Community Supported Agriculture \(CSA\) Directory](#) (USDA Agricultural Marketing Service)

[Community-Supported Agriculture: Part I: Getting Started](#) (The Pennsylvania State University)

[Community Supported Agriculture: Part II: Members and Their Role](#) (The Pennsylvania State University)

Farmers Markets

Often organized by a market manager, a farmers market attracts multiple producers, or market vendors, who transport their products to one public site at a designated time. Transporting products to the market location will involve costs and time, and vendors should consider storage needs because they must store products at the market site on market days. In many cases, farmers market sales are seasonal as markets tend to be open from spring to fall. Some markets, however, operate during all seasons.

To participate as market vendors, producers usually must submit applications and other documentation, such as insurance verification. Vendors typically pay for their booth space as a set fee or a share of sales. Because a farmers market may feature dozens of vendors, farms should think creatively about options to make their booths distinct.

Buyers visit farmers markets to purchase a basket of goods. Farmers market vendors must anticipate how much they'll sell on a given market day and have that quantity available. On some days, vendors may overestimate demand. In those cases, vendors should consider how to use the excess, unsold product. Options include donating the goods to food banks or homeless shelters. Setting the right price may help to move inventory. Keep in mind that prices charged at farmers markets should be fair to shoppers and fellow vendors. Do your research to not over- or underestimate the price. Prices that are too high may lead to unsold inventory, but prices that are too low may strain relationships with peer vendors.

Because producers and buyers meet face to face on market day, the producer has the opportunity to teach buyers about food production and preparation. Although shoppers may mostly be consumers, chefs, food buyers others from the food industry may also visit on market days. Connections made between a vendor and shoppers may yield future sales opportunities. Farmers markets may serve a purpose similar to a business incubator, meaning that they provide an opportunity for vendors to test new products or concepts.

The following resources may help your farm to effectively market goods at farmers markets or determine whether farmers markets are a good fit with your operation:

[Checklist of Best Practices for Sampling at Farmers' Markets](#) (University of Kentucky)

[Farmers' Market Display Checklist](#) (University of Vermont Extension)

[National Farmers Market Directory](#) (USDA Agricultural Marketing Service)

Roadside Stands

As a common direct-to-consumer marketing approach, roadside stands require that farms pack up their harvested goods and set up a market in a high-traffic area. Not only must farms transport the goods to sell, but they also must bring tents, scales, tables and other pieces to construct the booth on site. Sales would also be weather-dependant. When choosing a roadside stand location, refer to local codes and regulations to determine whether municipalities require a certificate or license to operate the stand.

To draw attention to the stand, add signs. Promoting the stand location via a website or social media may help to attract shoppers. Farms may need to store products at the stand site. In most cases, roadside stands require sales personnel to be on site and manage sales transactions. In some areas, operations may choose to use the "honor" system, meaning that shoppers leave their payment in a box or jar when stand staff aren't available to accept payment.

U-Pick

As a form of agitourism, U-pick operations rely on consumers to visit the farm and harvest the crop. U-pick operations work well when the particular crop is easy to harvest and would otherwise require the farm to hire a large labor force for harvesting. Although a U-pick operation relies on visitors to harvest a crop, the operation would still need to hire workers to guide visitors through the picking process, maintain the U-pick fields, make sales transactions and perform the customer service function.

Frequently, U-pick operations grow crops such as tree nuts, berries, tomatoes and pumpkins. After selecting the U-pick crops to grow, farms should choose varieties with varying maturities. That would enable the farm to offer U-pick availability to consumers during a longer period of time. As an alternative to the "U-pick" model, flower farms may offer "U-cut" flowers, and Christmas tree farms often sell trees on a U-cut basis.

Farms with a good location may more easily attract pickers. Typically, that means that the farm is relatively nearby for visitors, accessible by good roads and promoted well. If a farm's location isn't desirable, then a U-pick operation may still experience success if it has a unique product or service or offers an experience that's tough to find elsewhere. At the farm, good amenities including a parking lot, restrooms and drinking fountains may make the U-pick experience more enjoyable for pickers.

Because a U-pick operation involves consumers visiting a working farm, farms have certain liability responsibilities. Seek legal and insurance consultation before you start inviting visitors to the farm, and minimize risks as best you can. That may include removing or warning about on-farm hazards and creating a comprehensive insurance policy.

Wholesale, Institutional and Other Sales Channels

Through wholesale, institutional and other sales channels, farms sell their goods to buyers who may not be the final consumer. These buyers may add value to products by identifying sales prospects, preparing goods for final consumption or offering other services that help farmers ultimately sell the products that they harvest.

The following sections describe opportunities to sell alternative agriculture products through brokers, food hubs and produce auctions or sell product to institutional buyers, restaurants and retail establishments.

Brokers

Farms may hire a food broker if they need assistance with selling their goods. Brokers may help farms to reach buyers, including packing houses, processors and agribusinesses, and close sales with such buyers. Depending on the broker, they may also help farms to organize transportation for their goods.

Often paid on commission, brokers may arrange sales opportunities for 20 to 30 suppliers at a time. If one supplier account is much smaller than the others in a broker's portfolio, then the smaller account may not receive the same focus that the broker provides to the larger accounts. Your broker should understand local markets, have connections with buyers and minimize conflicts of interests from arising among the suppliers that they represent.

Prices earned from a broker-assisted sale may not be as high as prices that growers could earn by selling through other formats. The volume that you can sell by working with a broker may determine whether this is an economically feasible marketing channel.

If you're interested in working with a broker, then first clarify details of the relationship. You should understand the broker's fees, incentives, payment schedule, conflict of interest

policy, sales coverage area and agreement termination conditions. After you choose a broker, all of these details should be documented in a written and signed contract.

Food Hubs

A food hub operates as an entity that aggregates agricultural products from multiple farms and distributes those products to relatively large-scale buyers that a single farm couldn't as feasibly supply on its own. In some cases, food hubs may expand their focus from product aggregation and distribution and offer assistance in other areas, such as planning crops, developing food safety plans, accessing capital, creating harvest and handling standards, storing products, processing goods and marketing and delivering product to buyers.

By aggregating products from multiple farms, the food hub has the capacity to provide a diverse mix of products. Also, the total volumes available are frequently large. After aggregating products, food hubs often market the blended goods with one brand. In some cases, however, a food hub may maintain individual farm brands.

Before selling agricultural products to a food hub, farms should understand the pricing process and whether the hub will accept goods that don't grade well. They should also understand whether participating in a food hub will involve mandatory contributions to the hub's governance or operations. Additionally, farms must review contract provisions and understand their obligations for supplying certain quantities to the hub.

For more details about food hubs, refer to the following resources:

[Food Hub Assistance Starter Kit](#) (Southern Sustainable Agriculture Working Group)

[Food Hub Directory](#) (USDA Agricultural Marketing Service)

[Regional Food Hub Resource Guide](#) (USDA Agricultural Marketing Service)

Institutional Buyers

Institutions refer to hospitals, businesses, government entities, community colleges, universities, senior living centers, correctional facilities and local school districts. These institutions require food for their dining facilities, and they may show interest in choosing local foods. Note that if an institution works with a third party to manage dining services, then that third party may have a role in choosing ingredient suppliers.

Depending on an institution's size, it may need a large volume of product, and institutional buyers usually demand product consistency. If one institution requires more product than one grower can supply, then consider collaborating with a cooperative or food hub. Alternatively, work with a distributor that can aggregate your products with products from other growers. Marketing food products to institutions may not generate high premiums, depending on the buyer. On average, farms should expect to earn wholesale prices. Also, farms should plan for distributing products to institutional buyers.

Some institutions — namely, school districts — may only place orders seasonally. Because most schools only serve meals between August and June, summer sales may not be an

option. Farms that sell food products to schools may need to engage multiple decision-makers; understand school lunch standards; and work within school meal budget parameters, which may not allow farms to sell their products at a high premium. Competitive bids are common when supplying food to schools.

To start selling food products to institutions, first arrange meetings with food purchase decision-makers at various institutions. During those meetings, share your prices and details about the products that you grow. Try to understand the institution's preferences for product packaging, delivery days and times and available distribution options.

Serving institutional buyers may create opportunities to expand your sales through other channels, particularly if the institution publicizes that your farm is a supplier. Take sales to schools as an example. Not only may the school place orders, but farms may look for opportunities to build relationships with the school's students and their parents. Those families may purchase other products from the farm at a later time.

Produce Auctions

At a produce auction, buyers assemble to bid on produce and other farm-raised goods. Common products sold at a produce auction include plants, fruits, vegetables, hay and straw. Produce auction buyers are varied. They include farmers market vendors, foodservice businesses, local grocery stores, local restaurants, consumers and wholesalers. Auctions are particularly common within Amish and Mennonite areas.

During the auction, the buyer who submits the highest bid pays that bid price for the particular "lot" being sold. To compensate the produce auction for bringing together buyers and sellers, sellers pay commission. Auctions typically bill based on a percentage of sales. Depending on the auction, offering a delivery service may be a feature that differentiates one auction from others.

Produce auctions have several strengths. Among them, sellers can anticipate sale dates and times based on the auction schedule, and products are assembled into lots before bids are solicited. Participating in a produce auction may enable farms to test whether wholesaler buyers would be interested in new products or certain product characteristics.

From one auction day to another, the number of buyers who bid on products may vary. If too few buyers attend in a given week, then this would affect whether sellers could earn a good price for their products as supply may exceed demand. Other factors that would influence prices include product quality, when a lot sells during an auction and the amount of product included in a lot. Another produce auction limitation is that auction sales may lack traceability, and it may be difficult to transfer food safety records from buyers to sellers.

For an auction to experience success, it should offer a diverse set of products, attract a relatively large supply of goods to sell and have year-round activity. A core group of "auction members" may agree to sell product at a certain volume to ensure that an auction has a wide-ranging portfolio of products that appeal to buyers (Ernst). If you're considering selling goods at a produce auction, then the following link will direct to a list of Missouri produce auctions. From this list, you may find auction sites near you:

[Missouri Produce Auctions](#) (University of Missouri AgEBB)

Restaurants

Restaurants may seek farm products to use as ingredients in the dishes that they prepare. Farms that sell food to restaurants may have their operations featured throughout restaurant menus. To provide a connection between the farm and consumers dining with them, restaurants often list menu items according to the farms that supplied ingredients.

Before selling to restaurants can become a reality, farms and restaurants must meet and build relationships. Facilitating a conversation between farms and restaurants enables the farm to understand the restaurant's needs and deliver products that fit those needs. To attract chefs to your farm's products, consider offering novel varieties, fresh goods, good customer service and information about your farm's background and operations. Connecting restaurants and farms may involve producers jointly hosting an expo that introduces chefs to multiple potential farm product suppliers. As other options, farms may visit restaurants and provide samples to chefs at those establishments, or at farmers markets, they may meet chefs looking to source local goods.

Restaurants often will demand a certain quantity of product, so producers should ensure that they can consistently fill the orders. Serving restaurant buyers may require many deliveries, so determine whether your farm has the manpower to devote to regularly distributing goods. When farms sell product to restaurants, they should expect to receive roughly wholesale prices.

Retail

If a farm chooses to sell directly to a retailer, then it would be responsible for maintaining a relationship with the entity, accounting for its orders and delivering orders. To sell into retail stores, such as groceries, farms often must respond to large orders. Also, they generally must accept wholesale-level prices. Depending on the store, decisions about suppliers may not be made at the local level. Instead, a corporate decision-maker may need to approve supplier relationships.

Market Research

By researching their markets, farms learn about buyer needs and can develop products and solutions that address those needs. For a start at market research, population and community data are important to consider. Farms will rely on local consumers to purchase their goods or purchase final goods from other buyers, such as restaurants and grocery stores. A sufficient number of local consumers must be available to drive sales.

Knowing the demographics and preferences of those consumers is also important. For example, average household income for an area can indicate whether consumers in nearby markets have the disposable income to demand certain products. Organic products, for example, would be sold at a premium. If local consumers don't earn enough to pay the premium, then it's likely not cost-effective to make the investment in organic production. Farms may directly talk with consumers to learn more about their preferences, or they may

look at secondary research materials, such as research reports and newspaper stories, to get an indication of consumer interests.

In addition to accounting for consumers as buyers, market research should also consider possible institutional buyers, including restaurants, hospitals, senior care facilities and schools. Assessing the existing number of potential market venues, such as farmers markets, produce auctions and grocery stores, in a particular area is a good start. With that information, farms can determine whether enough nearby markets are available. Then, research can include interviews with buyers or market organizers. During these interviews, farms can learn more about needs of specific institutional buyers and identify opportunities to help them succeed in their businesses.

Farms may use the following resources as they conduct market research for their alternative agriculture ideas:

[Food Market Evaluation Tool](#) (Alternative Agriculture in Missouri)

[Fruit and Tree Nut Data](#) (USDA Economic Research Service)

[U.S. Food Market Estimator](#) (Leopold Center for Sustainable Agriculture)

[Vegetables and Pulses Data](#) (USDA Economic Research Service)

Promotion

Promotion refers to sharing the story of a business or product. By sharing the farm or product's story, awareness, excitement and interest build for the farm or product. That energy ultimately leads to a farm having opportunities to sell its products and services.

Before you begin writing a promotional plan, your farm should have a clear idea about the geographic area and target audience that the operation would like to reach. Knowing those two details will improve your ability to effectively promote your farm and products.

With your audience in mind, a farm's promotional plan should be driven by goals, based in effective messaging and executed through tools that will reach the intended audience. The following sections share more about these promotional plan components.

Goals

For a farm, a promotional plan should name at least one business goal that promotion can support. Goals can address multiple business needs, such as increasing the customer count, farm visits or dollar sales. Periodically, evaluate how well your business and your promotional plan are achieving your goals by creating benchmarks.

To write good goals, work on making them specific, measurable, actionable, realistic and timed. Specific and timed means that the farm should know precisely what it wants to achieve and in what period of time. Maybe your farm wants to increase sales by 10 percent during the current farmers market season, or maybe it wants to launch a new specialty crop product and sell 50 acres of that crop to institutional buyers in the first year. Goals must also

be measurable, which helps the farm evaluate whether the goal is met. If a farm wants to increase its sales by 10 percent during the farmers market season and sales grow by 15 percent, then the farm can easily measure that it exceeded its goal because the goal itself was measurable. The goal must also be actionable and realistic, meaning that the farm must have the capacity to actually achieve the goal and a put a plan in place to make that happen. Goals should challenge the farm to do well, but they shouldn't be so lofty that they seem unrealistic and fail to serve as a motivator for the farm and its employees.

Messaging

Messaging refers to the information that a farm wants to the share and the manner in which that information is presented. Effective messages will take a positive tone, and they will stimulate and retain the audience's interest in the farm. Audiences also appreciate messaging that is authentic, honest and accurate. Each message should include a call to action that requests that the audience do something. That action may be visiting a website, planning a trip to the farm or calling to schedule an appointment.

What you say in your messaging will vary by the goal that it's driving. If launching a new product, then the farm may share messages that stress the new product's unique attributes relative to the competition. If your farm will offer U-pick to customers, then the message may focus on a farm being an opportunity for your family to connect and learn about agriculture in a hands-on format.

At each interaction with the audience, all pieces of messaging should be consistent. The tone should stay positive. Colors, taglines and logos should look the same. The people who speak on your farm's behalf should share consistent information in each channel that you choose. For example, if your farm promotes that it uses as little spray as possible to control diseases, pests and weeds, then the spokesperson should correctly explain the "low spray" philosophy in all communication. Or if your farm has the opportunity to promote an upcoming event, then the spokesperson should share the correct information about the event's day, time, place, cost and experience in each communication channel.

Tools

Promotional tools are diverse. They include social media, websites, newspaper stories, magazine stories, face-to-face sales interactions, email newsletters, business cards, brochures, flyers, postcards, signage and advertisements. Your farm's promotional budget and the time you have available to execute a promotional plan will affect your choice of promotional tools.

Electronic communication and promotion have gained significant popularity in recent years. With a website, farms can communicate basic information such as farm background, farming techniques, contact information, hours and location. To add to the website, farms may create and maintain a blog, which would require regular posts about the latest farm happenings. Websites also serve as good spots for sharing photos and recipes. Farms may choose to create an online storefront via their websites. If so, then the site should securely accept payments, and the farm should assess costs for shipping and packaging goods.

Through email marketing, farms may send announcements on a weekly, monthly or seasonal basis to summarize upcoming or recent farm events and news. Posting to online directories is another tool to expand exposure. Social media, such as Facebook, Twitter and Instagram, enable farms to regularly share photos and written posts about farm events, sales promotions, farm news and other updates.

The following resources share more ideas about promoting farm products:

[How to Market Your Products](#) (University of Minnesota)

[Marketing Plans](#) (Agricultural Marketing Resource Center)

[Social Media Tools for Farm Product Marketing](#) (National Center for Appropriate Technology)

Prices

Farms should strive to set fair prices that give their operations an opportunity to earn a good return. Prices that are too low may send the wrong message about a product's quality. Depending on the market, low prices may also undercut competitors and create resentment among the farm community. Just as low prices are a concern, high prices can also be a challenge. If prices are too high, then shoppers may not be able to afford the product, and they may select a substitute. Unsold product would yield no return for the farm operation.

Often, farms choose from two systems when they set prices. When a farm chooses a price based on its costs, it uses cost-oriented pricing. When a farm sets its price using competitor prices as a guide, it uses a relative pricing strategy.

Even if a farm tends to use one pricing strategy relative to the other, operations may benefit from first using one strategy and then checking whether the price is reasonable by running the other strategy, too. For example, using relative pricing, a farm may find that five local competitors charge roughly \$0.50 per ear for sweet corn. The farm would benefit from considering its production costs and determining whether it could also make a reasonable return by charging \$0.50. If the farm can't competitively offer sweet corn at that price, then it may seek to explain the extra value that its more expensive sweet corn provides, or it may find another crop that it can produce more cost-effectively.

Several links below share publicly reported prices for farm products. These resources can supplement other research when farms set a relative price for their goods.

[Farmers Market Report](#) (Missouri Department of Agriculture)

[Fruit and Vegetable Prices](#) (USDA Economic Research Service)

[Organic Prices](#) (USDA Economic Research Service)

[Setting Prices for Various Markets](#) (Wisconsin Local Food Marketing Guide)

[Specialty Crop Market News Custom Average Tool](#) (USDA Agricultural Marketing Service)

[U.S. Monthly Average Retail Prices: Fresh and Processed Vegetables](#) (USDA Economic Research Service)

Competition

Assessing the competition can help a farm identify whether the local area may already have too much competition or whether an opportunity exists to carve a unique position in the local market. Start by counting the number of operations that sell a particular good in the market that you'd like to serve, and gather information about total production from those operations. You can compare this with demand information that you collect through market research to identify whether good market opportunities exist.

Next, learn more about your competitors' operations, and brainstorm about whether your farm could do business a little differently. For example, assume that 10 berry farms operate in your county, but if none of them make U-pick options available, then you may have identified a U-pick market opportunity to pursue. For another scenario, your county may be home to 20 agritourism operations, but let's say that none of them offer fall hayrides for large groups. Your farm may have an opportunity to specialize in that area.

To assess your farm's competition, use resources such as the following:

[AgriMissouri](#) (Missouri Department of Agriculture)

[Food Market Evaluation Tool](#) (Alternative Agriculture in Missouri)

[LocalHarvest](#)

[Pick Your Own](#)

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