



THE POTENTIAL FOR STATEWIDE COOPERATIVE MARKETING AND GROWTH

A Survey of Massachusetts Farms That Sell Directly to the Public

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A Survey of Massachusetts Farms That Sell Directly to the Public

Executive Summary

The objective of this survey was to identify those Massachusetts agricultural producers that sell directly to the public and to quantify their interest in organizing for the sake of mutual marketing, education and other small farm business needs.

A list of 599 Massachusetts farm were invited to participate in this survey, and 104 responded by participating in the online survey, likely indicating a strong interest in the question at hand. The high response rate, 18%, also reinforces the probability that the data accurately reflects the target population.

The results of this survey strongly support the formation of a statewide Massachusetts marketing group: 70% of the Massachusetts farmers responding indicate a willingness to work together to make this happen. Further, 63 % have said they would be interested in working in an online, collaborative group to help make this happen.

Finally, when asked how much would they likely be willing to contribute to specific marketing strategies, the vast majority indicated that they definitely would be willing to contribute to a cooperative program. Caution advises that no one assume that the persons surveyed stated or implied a cumulative amount each might contribute. However, by suggesting a list of strategies and contribution ranges, the data shows a potential participation from these 104 respondents in the range of \$54,000 to \$205,500.

Conclusion:

All data collected appears to confirm and reinforce the sponsor's hypothesis that the Massachusetts' farmers that sell directly to the public agree that they can and should participate in a cooperative marketing program. We wish the sponsors and participants the very best in the next step, defining the structure and leadership to develop the cooperative marketing program.

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Industry Background

Never before has it been more important for farmer's to work together to jointly market themselves and our industry.

- Vast majority of these producers are within an easy drive time of large populations in MA and other New England states.
- The ability to reach these populations as a single producer is not only difficult but cost prohibitive (particularly for the smaller producers)
- No one producer truly has the budget (and/or the marketing skills) to do what needs to be done
- However, as agritourism becomes a more recognized tourism niche – we all (small and large producers) have the ability to pull customers from farther and farther distances
- Ag-clusters in several parts of North America have demonstrated the effectiveness of cooperative marketing-bringing people from further distances, and encouraging longer stays in farming regions
- Collective collaboration is becoming essential to effectively market direct sales on the farm-especially for small farms that lack the knowledge, skills, or time to market what they grow on the farm.

Research

Sensing that the future of their business may well depend upon collaborative marketing, the sponsors employed Eckert AgriMarketing (EAM) to survey their peers within the state of Massachusetts to see if other farmers selling directly to the public shared their interest in such endeavors.

The objective of this survey was to identify those Massachusetts agricultural producers that sell directly to the public and to quantify their interest in organizing for the sake of mutual marketing, education and other small farm business needs.

A list of 590 Massachusetts farms, provided by the Massachusetts Department of Ag Resources (MDAG) and the Massachusetts Fruit Growers Association (MFGA), were invited to participate in this survey (See survey methodology at the end of this report). We received completed online surveys representing 104 qualified farms. Simply the 18% response rate alone is a strong indicator of the potential for a state collaborative program.

Primary Questions

The primary goal of the survey was to learn the interest level of the direct farm marketers in the state to pool money to market themselves as a group and not just as individuals. A resounding 70% of the survey respondents answered the question positively.

Q. Would you consider joining a marketing group of farms that would work together (pool their money) to market MA products direct to the public?

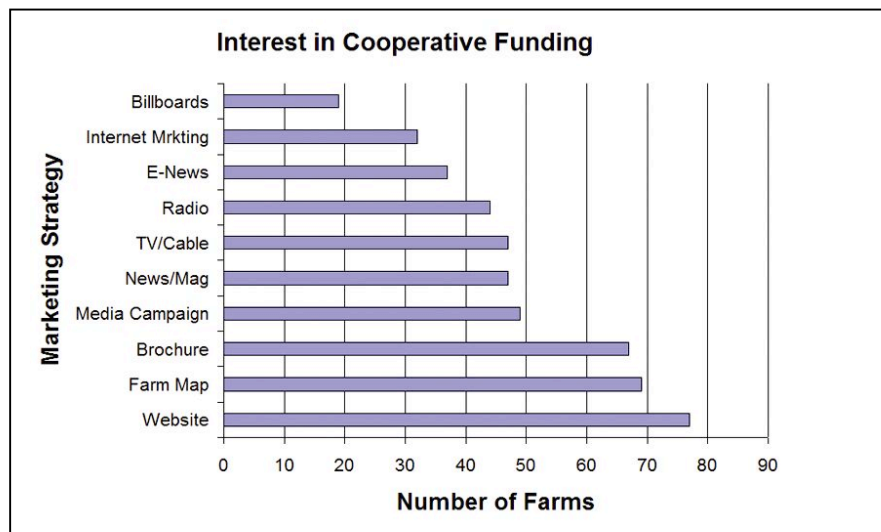
39.8% would contribute on a per project basis

44.1% agreed to put money into an annual campaign

(Some responded to both. Only 30% indicated no interest)

This strong show of support is just what is needed to take the interest level to the next step – development of a program. The actual list of farms that are willing to participate in this project can be found as Exhibit D.

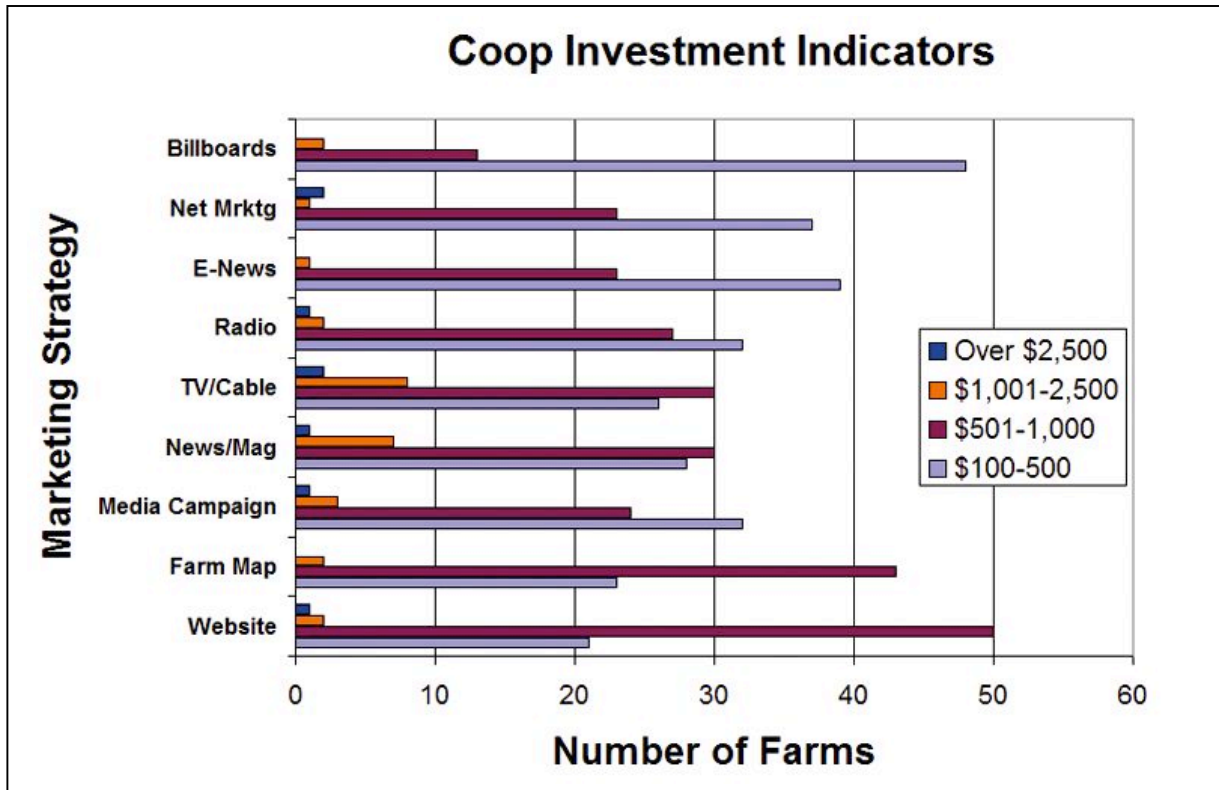
When asked what of the endeavors they would consider funding, they strongly supported a better state farm website, farm map and collaborative brochure.



Note that the development of an overall PR media campaign was the fourth highest ranked strategy. This response is strongly reinforced by a question asking how the various farm associations might better serve their interests. Over 50% of the respondents indicated they would like more press releases

mailed regarding the farming industry. The farmer's awareness that increased publicity can mean increased business is very positive and should definitely be part of the eventual marketing plan.

While the amount of dollars a farmer might be willing to pay to fund these marketing efforts does change somewhat by category we did find that many respondents indicated they would fund multiple marketing projects.



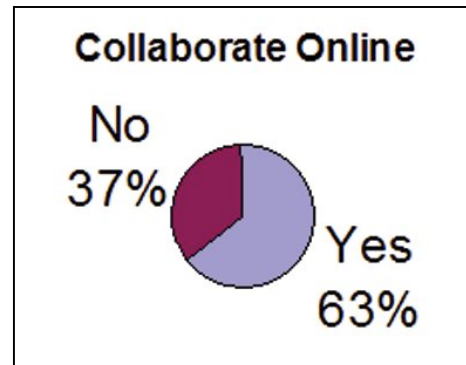
As noted in the Executive Summary, caution advises that we not assume that the persons surveyed stated or implied a cumulative amount each might contribute. It is quite possible that they would be able to fund one or more of the strategies, yet not fund every strategy they have checked.

However, the low end of these totals, generalizing that each person would indeed contribute the minimum amount into every strategy they have checked (e.g. \$100 in the \$100-\$500 range) the total contributed would be \$54,000. Likewise, if everyone contributed the maximum amount in each category and participated in every strategy they have checked, the total would be a very significant \$205,500.

Not only are the farmer's surveyed willing to pay to jointly market together, but they are also willing to go online to collaborate regarding the development of marketing strategies and to have more frequent communication with each other.

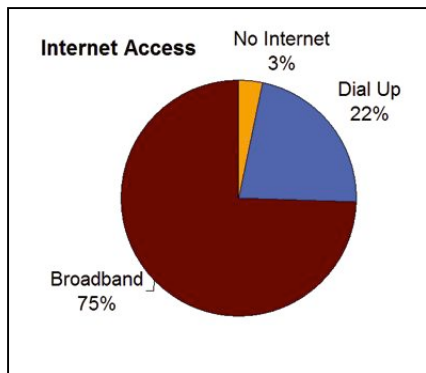
Online Collaboration

According to the survey results, 63% would be willing to collaborate online in the development of a statewide marketing strategy for farms selling directly to the public. Exhibit E.



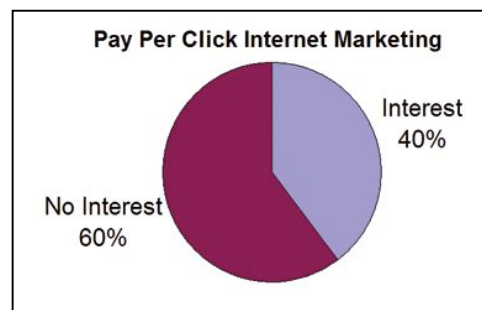
Would that be feasible? Probably so.

Though, as we discuss later, the age of Massachusetts farmers may be of a concern, but this has not prevented them from using contemporary tools such as the Internet. The survey shows that 75 % have broadband connections, while only a scant 3.3% have no Internet connection at all at work.



Being able to communicate with the farm producers via the Internet in a fast and responsive manner will make development and coordination of these marketing programs relatively easy.

Since the Internet is becoming a primary source of information for so many people, a specific question was asked regarding interest in developing a pay per click program. Pay per click is a software process such that farm names or advertisements appear on a website as links. Only when someone clicks on the ad or farm name does the farm pay for that lead generated-hence, pay per click.

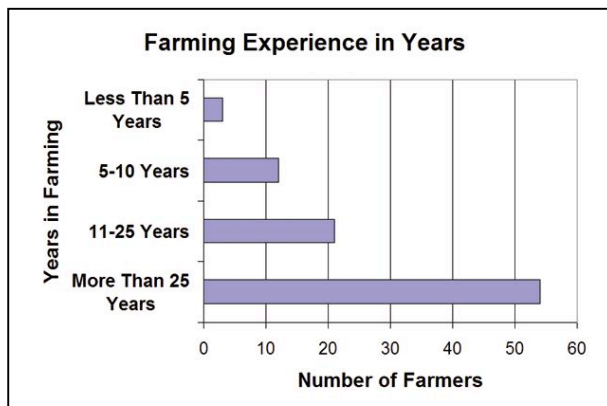


The survey response shows that 40% of the respondents are interested in this type of program. This positive response shows that farmers are now beginning to better appreciate that the Internet will become a primary marketing tool for them.

A list of these people interested in participating in this program can be found as Exhibit F.

Respondents

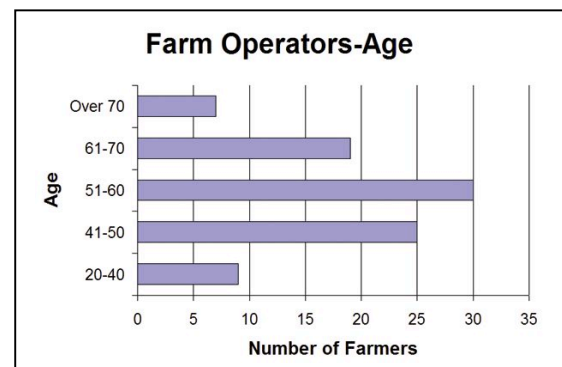
A significant amount of data was collected to determine more about the Massachusetts farms that sell directly to the public-how large are the farms, who are the men and women operating them, how are they currently marketing themselves, and how successful have they been thus far.



While there are a significant number of respondents that have been involved in agriculture for over 25 years, there are still new people who are getting involved in farming.

Almost 17% of the responding farms have been in business fewer than 10 years.

Not surprisingly, though we have new people entering farming today, the overall farming population is aging, as shown again in these results. Over 62% of the respondents are over the age of 51, with only 10% of the principal operators younger than age 40.

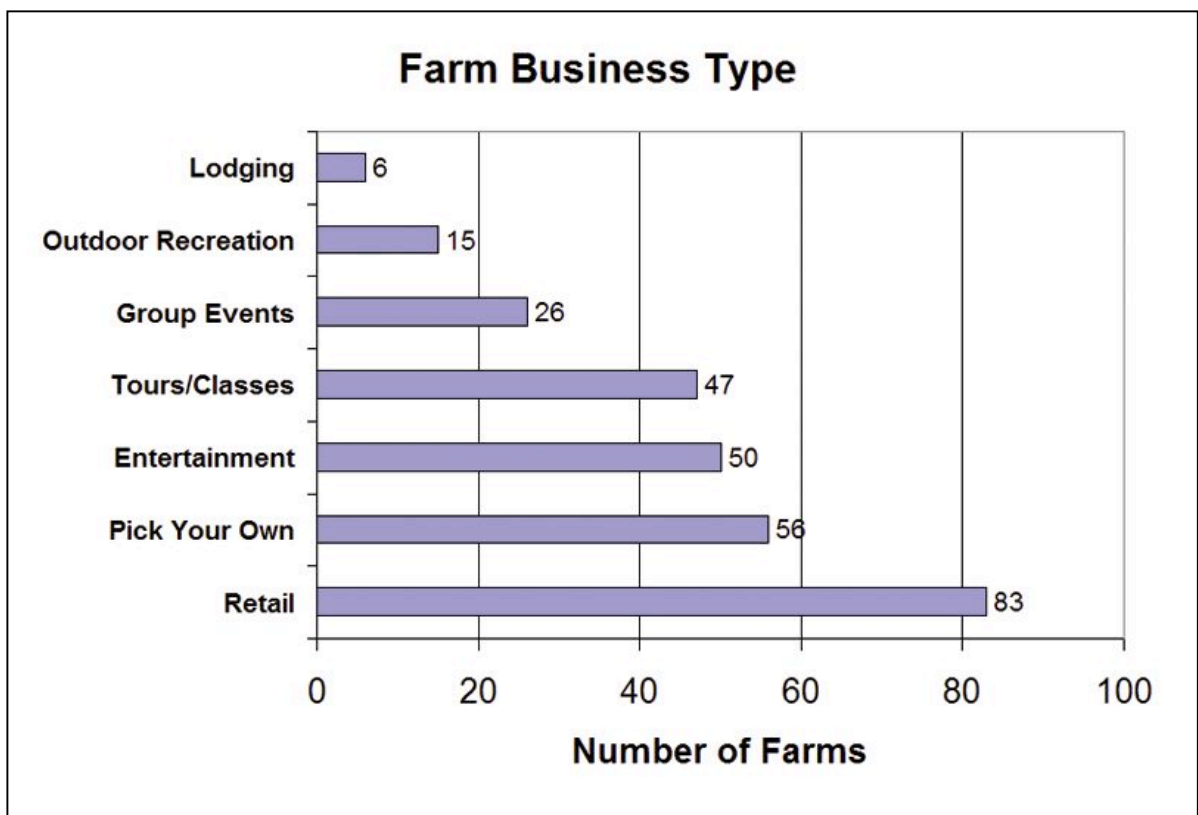


Of course, there are likely several instances where younger generations are farming with their parents, and the eldest parent is the owner that responded to the survey. For the purposes of this study, we did not ask the ages of other participating family members in the farm business.

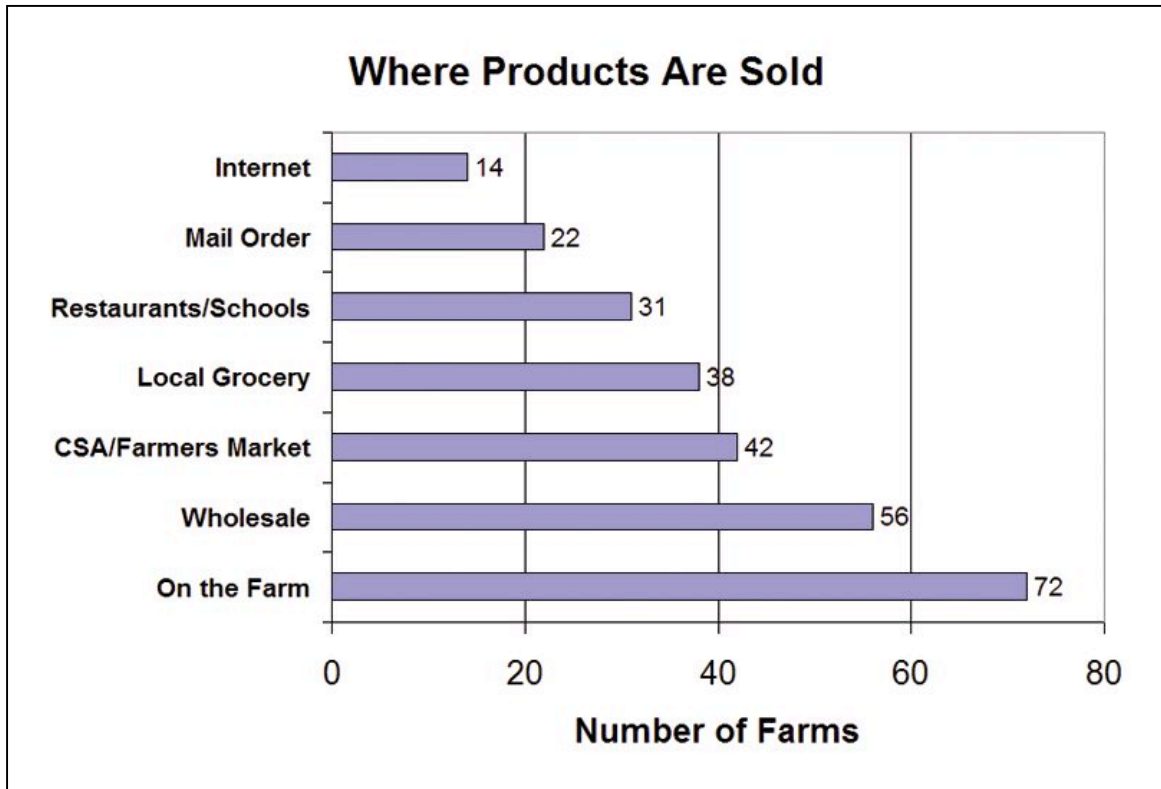
The farms were asked to tell us all of the various enterprises through which they derive revenue from their farm.

While retail and pick your own were ranked the highest, there are a number of farms that have expanded with various enterprises that have significant agritourism potential and which are not totally reliant on crop/livestock production.

Note: The retail category includes not only selling fruits and vegetables, but also includes the livestock and dairy producers.

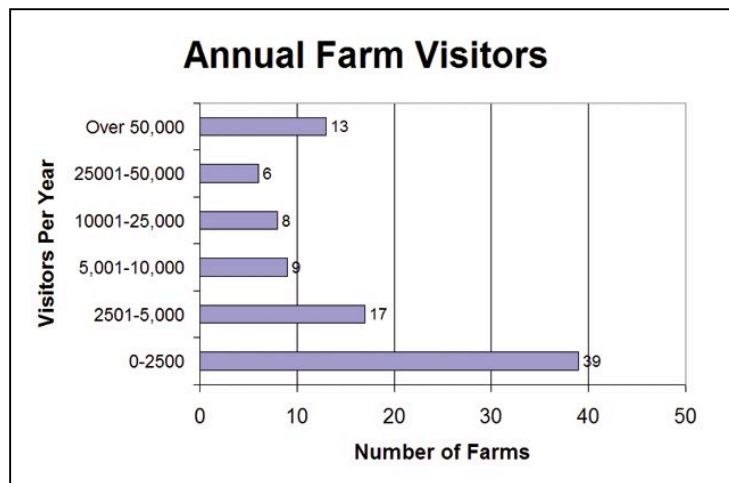


The farmers invited to participate in this survey are all known to be selling their products direct to the consumer. While one might have been assumed that sales were done primarily on the farm, a significant number of producers have multiple outlets for sale of their products.



The estimated customer attendance numbers at these farms directly correlate to their annual gross sales. The fewer customers served, the smaller the revenues.

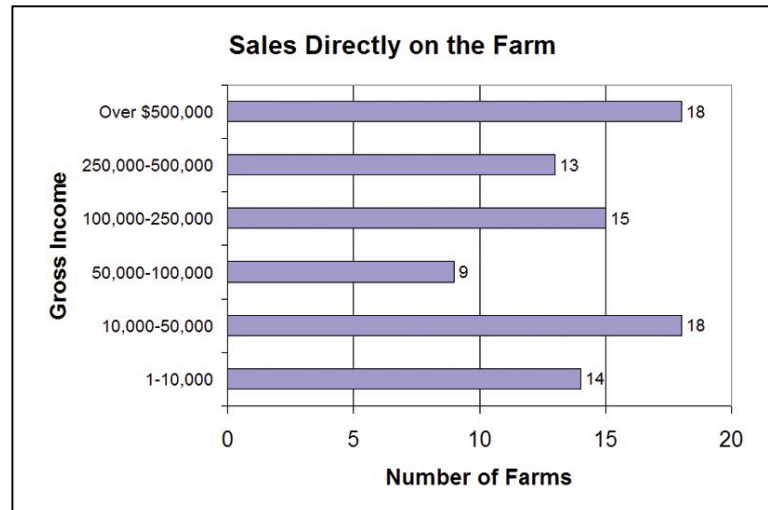
Of our respondents, 43% sell to fewer than 2,500 customers annually—an obvious indicator that these people could greatly benefit from a joint marketing program.



Gross Revenues

The USDA website states that 93% of farms in Massachusetts are categorized as small farms with under \$250,000 in gross sales.

Based on this definition, we received replies from 66.3% small farms, and 33.7% that had sales over \$250,000.



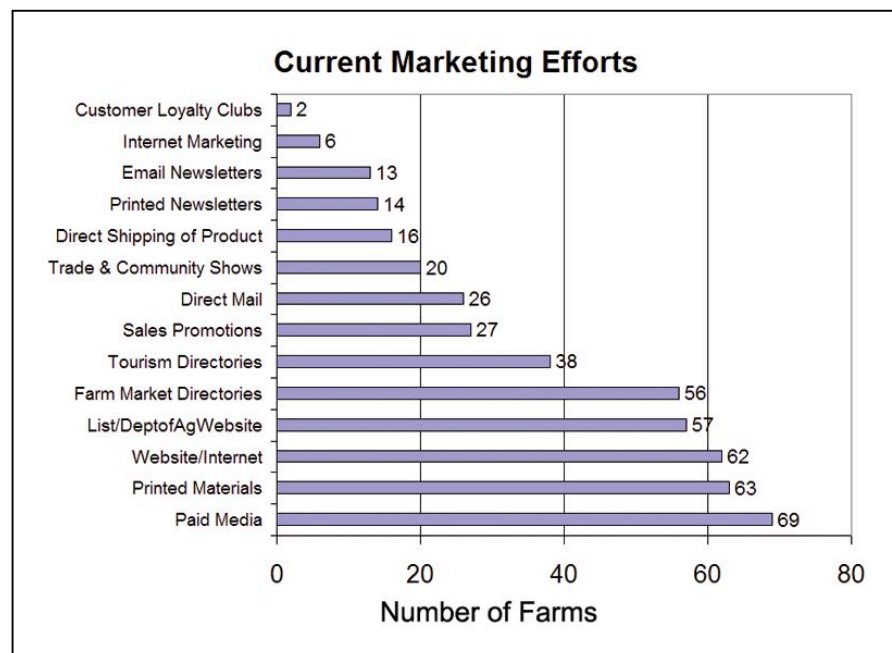
Further research would be required, however, to conclude that sales from farms that market direct to the public are more likely to have greater annual gross sales than those that who do not.

Current Marketing Efforts

In order to plan a future direction for collaborative marketing efforts, it is important to know how individual farmers are currently marketing themselves. While this does not necessarily mean that they have always selected the best opportunities, it does show us where there comfort level is in targeting their marketing dollars.

The three highest categories in ranking are:

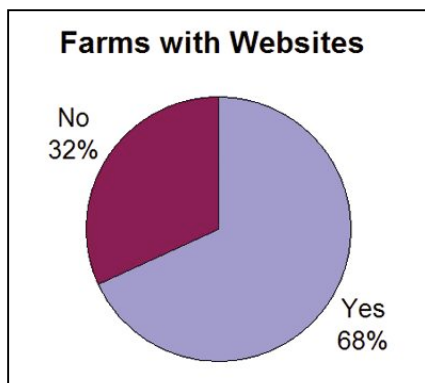
- Paid media
- Printed materials
- Website/Internet.



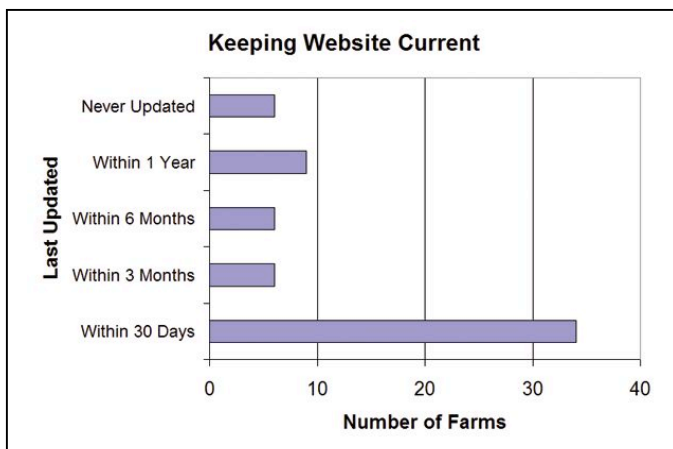
It is of special note that website and Internet marketing are just about equal to the traditional favorites of paid media and printed materials. This high number of Internet savvy farmers is very favorable, and further substantiates their understanding and desire for more effective group communication via the internet.

Also of special note, 39% (56) of the respondents participate in some form of marketing with tourism directories and links. This tourism marketing category for farms has been growing significantly the past ten years as we find our customers are willing to drive further and further distances to have an enjoyable farm experience.

Other marketing responses included: Organic foods map, on-air radio segments on farming, and the Interstate signage program.



The focus on Internet marketing was further substantiated by the fact that 68.1% of the respondents have a website to market their farm business. On the converse, we still have 31.9% of your direct farm marketers that have not entered into the age of website marketing. Getting these farms to be Internet and web savvy should remain an educational focus for the state and state farm associations.



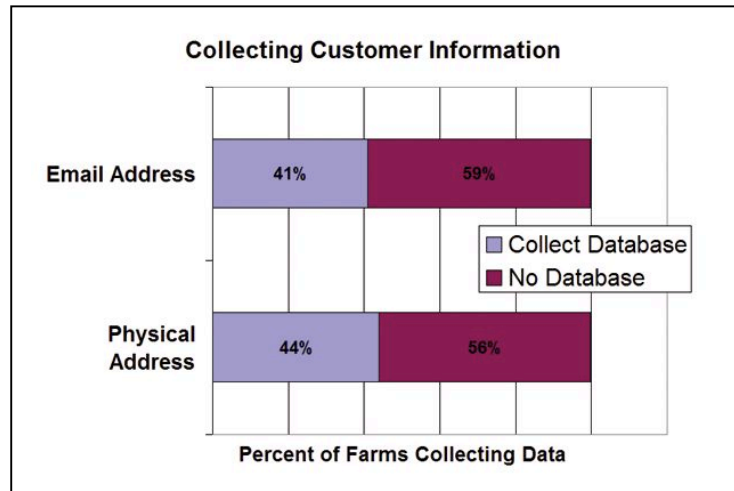
Keeping a website current is absolutely essential to get visitors to want to return to our websites and to visit our farms.

A whopping 75.3% of the farms reported that they update their website at least annually.

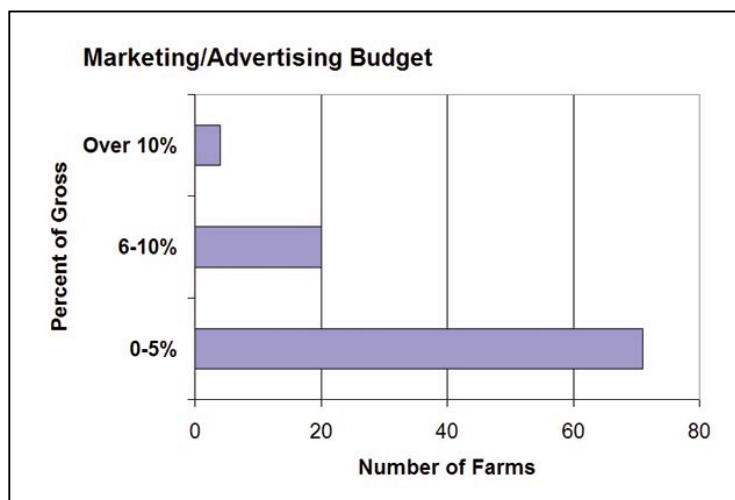
Another, very important cost effective marketing tool for farmers today is to stay in touch with their best customers via direct mail or an e-newsletter. Today's customers are typically disconnected from the home grown season, and just the simplest of reminders such as "strawberries are in season" can bring more customers out to the farm.

Almost half of the farms that responded to this question do not collect customer names or build a database for target marketing.

This omission is most assuredly costing them business, and could become a very cost effective way for a new marketing group to be of assistance.

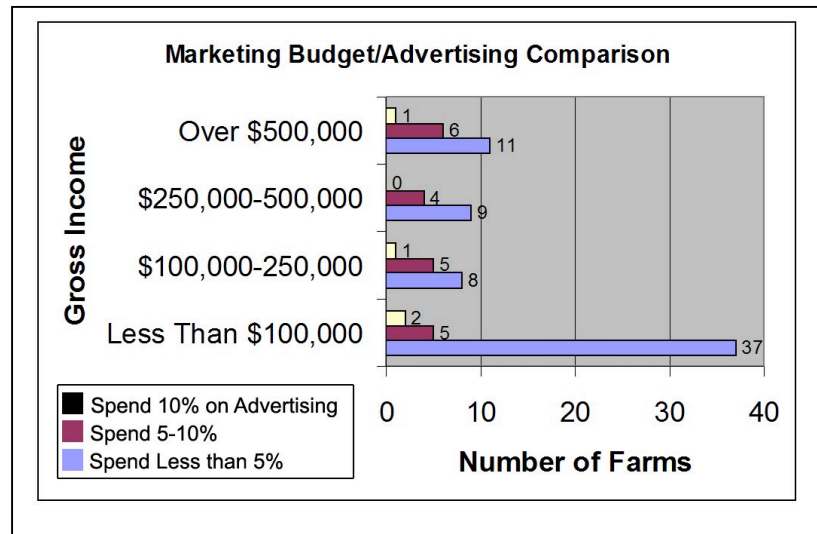


A simple e-newsletter subscription button could be added to the collaborative website whereby ripening calendar, special events, coupons, recipes etc. could be widely communicated to the growing audience of people wanting to visit a farm.



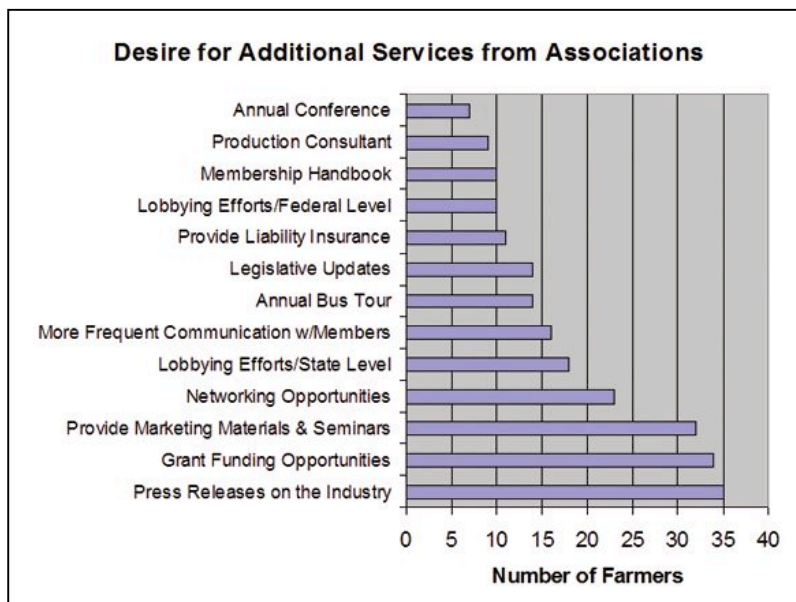
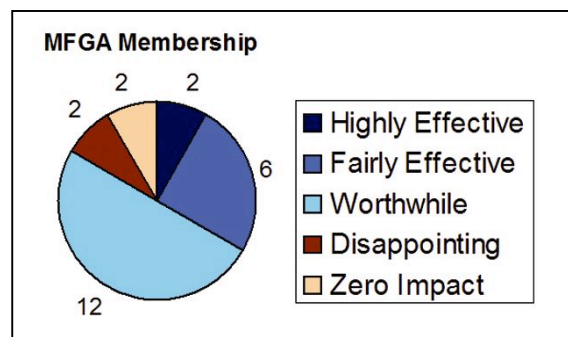
When asked how much money they spend annually on marketing and advertising-as a percentage of sales- these numbers reported generally fall within the industry norm.

Here is a somewhat more complex view, showing the relationship between the farm's gross income, and their advertising budget. Note: only one farm with a reported gross revenue over \$500,000 is spending over 10% of that income on advertising.



Membership & Association Information

The MFGA was particularly interested to know if their membership was satisfied with their marketing efforts. This is a question where 40 people responded and only 24 were from legitimate members.



We also asked all of the farmers more about the associations they belong to, and asked, "What would you like to see these groups provide that they are not currently doing?" MFGA responses were very similar to the group responses.

It is important to note that the highest rated request is for cooperative marketing programs, thus further supporting the MFGA group to further develop this concept.

Other suggestions included: a network to put buyers and sellers together, state support for Christmas tree growers, generic farmers' market promotions, state to provide grant funding to marketing committees as well as the non-profit organizations, support the blueberry growers, assist with finding labor, and provide marketing research on potential and current customers that visit farms.



Methods used for Survey

Two mailing lists were utilized for this survey. The first list (579 names), obtained by the Massachusetts Department of Ag Resources (MDAG),



represents their database of pick your own, ag tourism, farmer's market, farm stands and wineries. The second group (79 names) is the membership list of the Massachusetts Fruit Growers Association (MFGA). The lists were merged to remove duplications, resulting in a solicitation file of 599 names.

Letters were printed on an MFGA letterhead, and mailed first class to all 599 names. Nine of the letters were returned by the post office, resulting in a final list of 590 names. Exhibit A

The letters detailed the purpose of the survey, and asked the farmers to go online to respond. The MFGA group was also able to contact their membership via an online listserv in advance of the first direct mail. They also emailed this listserv prior to the second, reminder postcard mailing. Exhibit B

The list provided by MDAG also included email addresses for 278 farms. Exhibit C

While this entire group was sent the direct mailing piece for the first request, the second request was delivered by email where available, and by postcard for the remainder.



The survey was available for online completion for thirty-two days. A total of 104 surveys, or 18% of the mailing list, were completed. There were 28 surveys completed by MFGA members.

Chronology of Survey Process

	<u>Date</u>	<u>Quantity</u>
<u>FIRST CONTACT</u>		
MFGA sent listserv members announcement of survey	5/12	78
First Mailing: Direct Mail letter sent to Dept of Ag Resources List of Roadside Marketers & MFGA Members	5/18-20	599
Email Reminder: to available addresses	5/25	246
<u>SECOND CONTACT</u>		
MFGA sent second listserv members announcement of Survey	5/31	78
Second Mailing: Postcard sent to Dept of Ag Resources List of Roadside Marketers & MFGA Members	6/1	301
Second Mailing: Sent Postcard to the undeliverable Email addresses	6/3	68
Second Mailing: Sent reminder via email to addresses as Provided by Dept of Ag Resources	6/6	278