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DEVELOPING DIRECT MARKETING PROGRAMS

FOR BOTH FARMERS AND CONSUMERS

by

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## DEVELOPING DIRECT MARKETING PROGRAMS

FOR BOTH FARMERS AND CONSUMERS\*

R. Brian How

New York, like other states in the Northeast, has had a relatively long history of Extension work with farmers who market their products directly to consumers. During the Depression of the 1930s many farmers turned to roadside marketing, and business analysis of farm markets provided the basis for recommendations on market location, structure, merchandising, and management.<sup>1</sup> Favorable wholesale prices, however, during and following World War II provided better alternatives and interest declined. Then in the late 1950s changing price/cost relationships and the larger volumes required to market through traditional channels encouraged renewed interest among many growers.

Regional marketing agents had recognized the need for work in direct marketing, and when this program was phased out the direct marketing work with growers was taken over by agricultural field staff and college specialists. An informal Roadside Marketing Committee was set up composed of county agents and college specialists from several departments to plan educational activities such as the annual newsletter series and the statewide winter meetings. The committee title was later changed to the Direct Marketing Committee in view of the rising interest in other channels such as pick-your-own operations and retail farmers' markets.

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\* Paper presented at the Annual Meeting of the American Agricultural Economics Association, Urbana, Illinois, July 30, 1980.

1. Bond, M. C. Selling Farm Products Through Roadside Markets. Cornell Extension Bulletin 466, June 1941.

The number of direct marketing operations in New York continues to grow, according to surveys that have been conducted at 5-year intervals since 1964.<sup>1</sup> In the past five years, retail farmers' markets have increased from 30 to 89, pick-your-own farms from 335 to 639, and commercial roadside markets from 847 to 1,064. Small temporary roadside markets increased from 1,553 to 1,812. When the ESCS study of direct marketing in New York is published, we will have a better idea of the volume and value of farm products marketed directly to consumers.

Interest in direct marketing today appears to stem not as much from depressed wholesale farm prices as from changes in the structure of farming, in rising marketing margins, and in consumer interest in quality and economy. Direct marketing offers farmers with limited resources the opportunity to take advantage of wide marketing margins, particularly for fresh produce. This is one way to get started or continue on a part-time basis. Consumers can buy products of higher quality or in greater volume at lower cash costs than they could through regular retail channels.

The success that has been achieved in Extension work on direct marketing in New York, and I believe it to be considerable, can be attributed to the existence of an expanding and receptive audience, and an organization that has been aware of the needs of that audience and responsive to them.

The direct marketing audience is an interesting one. Probably only 5 to 10 percent of the farmers in New York sell products in significant volume directly to consumers, although the proportion is much higher for fruit and vegetable growers than for dairy farmers. But this audience is expanding and changing, and few beginning direct marketers have much background in the many subjects one

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1. Stuhlmiller, Emilie M. Farmer-to-Consumer Direct Marketing Operations Selling Fruits and Vegetables, New York, 1979. A.E. Res. 80-7, Department of Agricultural Economics, Cornell University, 1980.

must master in order to deal effectively with consumers. A roadside marketing operation, for example, may start with a card table on the front lawn and in short order expand to a market building and parking lot, to advertising in the local newspaper and radio station, eventually concentrating on production of certain products and buying others, and later adding other items to help cover overhead and extend the season. Many skills and much knowledge is required to make these changes satisfactorily. Direct marketers show their interest by taking notes at meetings and asking questions even in audiences of several hundred.

Consumers interested in direct marketing are also a diverse group. They may be young people who prefer locally grown produce or who wish to cooperate to obtain lower cost food, suburban families in search of better quality produce, or senior citizens in urban settings on tight budgets. Different marketing channels have been established to cater to these demands.

Several studies have been conducted to obtain information on the characteristics of direct marketing businesses in New York and the customers who patronize them.<sup>1-4</sup> These surveys have helped design better educational programs and have been the starting point for further research. Continued evaluation,

1. Stuhlmiller, Emilie M. and R. Brian How. Selected Characteristics of Direct Marketing Businesses, Six Counties, New York, 1976. A.E. Res. 78-7, Department of Agricultural Economics, Cornell University, 1978.
2. Stuhlmiller, E. M., R. B. How, and K. W. Stone. Consumer Use and Experience With Home Gardens and Produce Purchased Directly from Farmers. A.E. Res. 76-20, Department of Agricultural Economics, Cornell University, 1976.
3. Pease, Richard L., and Doyle A. Eiler. Farmers' Markets Return. A.E. Ext. 76-14, Department of Agricultural Economics, Cornell University, 1976.
4. Eiler, Doyle A., and David G. Rosenfeld. Customers at Selected New York State Roadside Markets. A.E. Res. 73-12, Department of Agricultural Economics, Cornell University, 1973.

both formal and informal, of our ongoing activities has also improved our knowledge of direct marketers and their interests.

Cornell Cooperative Extension, by the very nature of its funding, has had to be responsive to changing needs. About three-quarters or more of each county Extension budget comes from county taxes and user fees. The Associations' Board of Directors and advisory committees provide continuing direction. Consequently, unlike some other states, field staff develop their priorities from local sources except when special funding is involved. In the Hudson Valley and western New York, where direct marketing is most important, agents have responded enthusiastically.

Faculty at Cornell, apart from a few individuals, have not become involved quite as readily as county staff in the direct marketing program. Earlier and more recently leadership has been provided in Agricultural Economics, but in the interim the leadership came from Vegetable Crops. Funding under the Farmer-to-Consumer Direct Marketing Act of 1976 provided considerable stimulus to the program. Cornell was able to place a senior extension associate in Ithaca to head the program with growers, and an extension associate in New York City to develop a program with consumers. We hope to obtain funding from other sources to continue this work.

The Extension program in direct marketing now involves field staff in at least a dozen counties in New York and specialists from Agricultural Economics, Vegetable Crops, Pomology, Entomology, Agricultural Engineering, Plant Pathology, and the College of Human Ecology. Current activities include:

- i - a newsletter written by specialists and field staff,
- ii - an annual statewide winter meeting for direct marketers held at a different location each year,

- iii - an annual meeting for sponsors of retail farmers' markets,
- iv - a series of articles for the county news magazines,
- v - individual consultations with marketers beginning or expanding their operations,
- vi - assistance in the establishment of additional farmers' markets both in New York City and upstate,
- vii - educational meetings for consumer groups using a film on food cooperatives made in the City.

Research projects currently underway will provide support for the Extension program. These consist of:

- i - the development of a programming model to evaluate different combinations of crops and marketing outlets under varying resource restrictions,
- ii - a customer flow study of retail farmers' markets to provide guidance in decisions on market layout,
- iii - an evaluation of alternative customer check-out systems for pick-your-own strawberry operations,
- iv - an appraisal of the market potentials for farm and small commercial wineries in New York.

Our program in New York has benefitted from interaction with other agencies working on direct marketing. Chief among these are our associates in the New York Department of Agriculture and Markets. They have developed an excellent directory of where to obtain farm fresh foods in New York, have helped organize a certified farm markets organization, and are equipped to provide consumers and farmers with information on direct marketing opportunities. The Council on the Environment of New York under able direction has developed farm

markets at 12 locations in New York City, and Extension helped identify farmers who might participate and reviewed potential applicants.

The number of farmers and consumers interested in direct marketing will continue to increase. We will need to keep in touch with their needs and interests, and adapt our educational programs accordingly in order to maintain a successful Extension direct marketing program.