

AGRICULTURAL ALTERNATIVES

agalternatives.aers.psu.edu

Developing a Roadside Farm Market

Many agricultural products can be sold directly to the public through a roadside market. Retailing directly to consumers can be a viable alternative marketing strategy and means of increasing profits for many small-scale agricultural ventures. However, marketing your crop through a roadside market requires a great deal of planning and the thorough examination of a wide range of issues. This publication will discuss many of these issues, and raise many pertinent questions that a would-be roadside marketer should consider. Following these steps and guidelines will not guarantee a successful roadside market. However, they will start you on your way to a new, and possibly profitable, alternative market. Many producers who have started direct marketing credit that decision with their success.

Research

As with any new business venture, research is the first step in developing a roadside market. You should explore your potential competition, customers, and products. For more information on starting a new business venture please see *Agricultural Alternatives: Starting or Diversifying an Agricultural Business*.

For starters, you must think about what would encourage a customer to stop at your roadside market. Many consumers

This publication was developed by the Small-scale and Part-time Farming Project at Penn State with support from the U.S. Department of Agriculture—Extension Service.



would prefer to buy local products (if the market is convenient and they believe they are getting good value) and repeat customers are essential for success. A clean, attractive market will attract customers and enhance the marketing opportunity. Therefore, the market must provide the customer with a combination of quality, service, and value that will encourage them to come back. An important thing to consider is why a customer should come to you instead of going to their local grocery store.

Does significant competition currently exist in your local area? If so, how will you compete? How will you differentiate your market and products from other food outlets? Remember, competition will come from more than just other roadside stands—consider consumer trends in the wider

PENNSTATE



College of Agricultural Sciences
Agricultural Research and Cooperative Extension

world and how they may impact your operation. Consider using a framework (many good examples exist in business texts and on the Internet) to categorize and analyze your competition, and identify how you will compete.

Who will be your target customers? Consider the demographic profile of your local area—do your target customers exist locally? Will you target local customers, or people passing through your area? Population statistics and demographic information can be very helpful in researching customers. Such information can be found on the Internet or through your local library. For more information on researching your local market please see *Agricultural Alternatives: Fruit and Vegetable Marketing for Small-scale and Part-time Growers*.

What products will you grow to sell at your market? What is your expertise, and how does it match up with what you think your target customer will want? Remember, quality will likely be the main concern for many of the customers who will shop at your market. Consider selling a wide variety of items, since offering shoppers a wider selection of products is likely to generate higher sales-per-customer. It is a good idea to develop a plan including a production schedule, estimates of costs and yields, and time commitments for the crops you will grow or value-added products you will produce.

If you can not produce all the items you wish to sell at your roadside market, consider supplementing your market offerings by purchasing produce from other local growers. Another option may be to form a marketing cooperative among a group of growers to operate a roadside market. Such an arrangement can help spread risks and costs and take advantage of the different strengths of individual producers. For more information on agricultural cooperatives, please see *Agricultural Alternatives: Cooperatives*.

Regulations

There are many regulations related to operating any small business and a roadside market is no exception. Most states have small business development centers that offer publications and workshops outlining these regulations. Potential regulations you may have to deal with include: worker's compensation, unemployment compensation, building inspections, weights and measures, plant pest laws, sales tax, and perhaps others. State departments of agriculture will also have publications that will help you understand and satisfy these regulations. A list of some of these publications and web sites may be found at the end of this publication. Depending on the zoning regulations in your area, permits may be required for driveways or entrances to a business; check with local officials or your local state highway office before beginning construction. Also check with your local municipality to determine if building/occupancy permits are required for a roadside market, and how any existing zoning regulations may affect your plans. Also, in many areas, permits are required before erecting any roadside signs.

Location

Location is one of the most important considerations when developing a roadside market. Spend time observing traffic flows in the vicinity of your potential market location. What type and volume of traffic flows past the site? Is your location on or near a major travel route? Will the market be visible from the road? Will drivers have enough time to slow down to enter the site? Is there clear visibility for cars entering and leaving traffic? Markets located along high traffic routes are easier for customers to find, will likely require less signage, and often benefit from significant "drive by" business. Conversely, a market located in an out-of-the-way location on a secondary road will be harder for customers to find, will require additional signage to properly direct customers, and will need to be positioned as a "destination" in the minds of consumers.

Distance from your point of production is another important consideration. How easy will it be for you to get your products to the roadside market? If possible, locating the market near your farm will reinforce to customers that they are getting fresh product. If your farmstead is clean and tidy, it will also serve as great advertising.

Size

If you are constructing a new building or remodeling an existing structure, you should think ahead to future expansion. Don't build more than is necessary, but also try not to box your market in with too little space. Will your market be a small, seasonal affair or a larger, year-round provider of produce and specialty food items? The size of your operation will define your costs and your revenues. Do you have the managerial ability to operate both the sales and production aspects of your farm business? If you are selling, who will handle or supervise the production and harvest of your crops? Conversely, would it be a better use of resources for you to concentrate on production and hire someone to oversee sales? Markets of many sizes exist and prosper—the initial and eventual size of your market should be a part of your overall business plan. For more information about developing your business plan, please see *Agricultural Alternatives: Developing a Business Plan*.

Roadside Signs

No matter how nice your market looks, people must be able to find it. Signs directing the customer to the market should be attractive, eye-catching, and easy to read from a distance. It is less important to list all available products on the sign than to direct the customer to the market. Signs should be visible far enough in advance to give the customer adequate time to decide to stop at the market and to safely enter the parking area. Be sure to check with your local municipal authorities for any regulations regarding roadside signs.

Parking

To draw customers to your market, the parking area and exterior of the market must be clean, attractive, and inviting. There should be ample parking for customers and the parking lot should be easy to navigate. Handicapped parking and accessibility points should also be provided—keep this in mind when planning your site and constructing any buildings. Ideally, the parking lot should be paved and marked with lined spaces. Gravel lots are also acceptable, but bear in mind that loose gravel can be difficult to walk on (particularly for the young and old), and is often quite dusty during extended dry periods. Once the customers are in the parking lot, signs listing products and directional arrows guiding them to the market entrance need to be attractive, easy to read, and simple to follow.

Establishing an attractive market

Large displays of fresh produce create a unique shopping environment and are likely to increase product sales. Shoppers are more likely to form a positive impression of your market if products are high quality, clean, and nicely displayed. Remember that high quality products are the strength of produce markets!

Give a lot of consideration to the design of displays in your market. You can enhance your displays by using contrasting colors, shapes, and sizes. Appeal to your customers' sense of smell by using aromatic herbs and fruits. Consider combining soft, firm, smooth, and fuzzy items. Stimulating your customers' senses creates a positive purchase environment and helps increase sales. Make displays that look like they came from the farm. Wooden crates, boxes, and baskets work well. Where possible, slant displays towards the customer. Even an attractive table cloth can add to sales. Stair-stepped displays create an array of depth, color and texture; however, they may not be easy for the customer to reach or easy to restock. Utilize vertical space by hanging products from slings or hangers.

Remember, roadside markets are often selling an image and experience as well as physical products. When shopping in such an environment, you want your customers to think about traditional agriculture and the many “warm” thoughts that this implies. Old tools, crates, or scales hung on the walls can reinforce this impression. Similarly, pictures showing earlier days on the farm can help “sell the story” of your farm. If it is a family market, consider putting up a picture of the family.

Merchandising

“Pile it high and kiss it good-bye!” is a common theory for selling produce. Full, well-stocked displays make customers want to “come and get it.” No one likes taking the last of something from a bare, picked-over display. A wide variety of produce conveys abundance, prosperity, and quality. Do not overstock or crush tender items on the bottom of displays, but try to keep displays fresh and full at all times. For most products, avoid piling them higher than six to eight inches as they might bruise or tumble. Avoid steep pyramid-shaped displays where products continuously roll off the top. Make displays attractive, while at the same time trying not to create “picture perfect” displays that customers will hesitate to disrupt by removing produce. In some cases, removing a few items from a display may actually entice customers to start buying.

Make it easy for the customers to reach the produce. Your display should be no more than an arm's reach in depth, and between knee and eye level in height. Avoid placing merchandise on the floor or ground. Instead of placing boxes flat on tables, try slanting them to make a more visually appealing display, and give easier access.

Organize products in related groupings. Groups might include dessert items, salad items, cooking vegetables, apples and pears, etc. Displaying compatible products together serves to suggest additional purchases and uses of these products.

Place high demand items in strategic, high-traffic locations throughout the market. Large displays attract attention, so use bulk displays to generate sales, especially for high-volume seasonal crops such as apples or corn.

Use color and texture to enhance eye appeal. For example, mix a row of radishes between the mustard and kale, tomatoes between the lettuce and cucumbers, or intersperse peaches with blueberries to create dazzling color displays.



Good color groupings:

- Red and yellow or green
- Light green with yellow or purple
- Dark green with red, orange, or yellow

Creative touches can enliven a produce display. Carrot wheels, fresh flower bouquets, garden like groupings of lettuce and greens, baskets in displays, or hand stacked yams are just a few examples. Providing salad dressings, sauces, vegetable dips, or dry mixes used for produce will also add to the display and promote greater sales. If you don't have a wide variety of produce items, consider creating a color mixture with flowers or signs to make your displays more visually appealing. Seasonal themes, such as fall squash and yam displays or summer berries, work well on dry tables.

Price signs

Prices should be clearly marked on or near displays. Many modern shoppers are in a hurry and will be reluctant to ask for help to find out how much something costs.

Restock displays frequently; rotate products as needed; and remove damaged, decayed, or un-saleable items promptly. Unsightly produce left on display not only detracts from sales, but may also leave customers with the impression that you do not sell quality produce. A good rule of thumb is this: If you would buy it, leave it; if not, pull it out.

Seasonality

A unique challenge of seasonal businesses is that they often have to remind their customers when it is time to resume shopping with them. The shorter the season, the more challenging this can be. Many roadside markets try to extend their selling season for this reason. They do this by having

something to sell before their prime sales period, which is usually the late summer. Having vegetable or bedding plants or seeds to sell in the spring can start the year off earlier. Flowers can be a nice early-season product that can continue through the year. Having other fruits or vegetables that are targeted for the early summer may help. Some markets buy produce from other regions to broaden product lines and extend the season. A particular challenge comes when bad weather ruins the crop. It may be worthwhile to buy produce from somewhere else rather than having your customers buy elsewhere. They may never come back.

How to keep your customers coming back

Roadside markets sell produce, and if it weren't for the people buying the vegetables, there wouldn't be a roadside market. Simply put, customers keep you in business. *Always remember this*, and act accordingly.

Present the market and yourself well

Keep everything tidy and clean. Know what you're selling and keep displays well stocked. Treat your customers like invited guests. Salespeople should wear clean and appropriate clothing and be approachable. Consider providing employees with matching apparel or aprons with the farm name on them to promote a unified, consistent appearance. Remember, your market employees will be dealing directly with customers; an unfriendly appearance or rude attitude will cost you customers and sales.

It is likely that customers will return to your market for not only the quality produce, but the superior customer service as well. Customer service can be a significant point of differentiation between your roadside market and a big grocery store. Take it on yourself to give your customers the same level of customer service you would like to receive, and train your employees to do likewise.



Listen to your customers

If customers suggest that you could do something better, want something you don't have, or want information about something you sell, do your best to accommodate them. Within reason, take the extra effort to give customers what they want. Talk to them about their question, and give their suggestions and requests due consideration.

Educate the consumer

Customers may not know how to use a product or what product will be best for what purpose—a knowledgeable suggestion will be most appreciated. Suggest something they may not have tried. Having recipes available can be very helpful; a successful meal will win a long-term customer.

Be Nice

Employees should be friendly and courteous. Many customers shop at roadside markets for superior quality and to support local producers. They will be reinforced in this judgment if the person serving them is someone they know and like. Get to know frequent customers by name. Always greet customers with a smile and a "hello." Customers are not a distraction, they are the reason you are in business. Make your market a place that customers enjoy visiting.

Complaints

No matter what you do, you will always have some complaints. Many times, when a customer makes a criticism, it's because they want to keep shopping at your market, but they want something to be improved. So listen, remain calm, address the customer's concerns, and take their comments to heart. Perhaps their complaint is evidence of something that could be done better.

The 10 Keys to Customer Service

1. Customers are never an interruption to your work. The customer is your real reason for being in business. Chores can wait.
2. Greet every customer with a friendly smile. Customers are people and they like friendly contact. They usually return it.
3. Call customers by name. Make a game of learning customers' names. See how many you can remember.
4. Remember, you and your employees are the face of the company. The way you represent yourself to your customer is the way your business will be perceived by that customer.
5. Never argue with customers. The customer is always right (in his or her eyes). Be a good listener; agree where you can, and do what you can to make the customer happy.
6. Never say "I don't know." If you don't know the answer to a question, say "That's a good question. I will try to find an answer for you."
7. Remember, every dollar you earn comes from the customer's pockets. Treat them like the boss.
8. State things in a positive way. It takes practice, but will help you become a better communicator.
9. Try to give your customers a good experience at your market so they will want to come back.
10. Always go that extra mile! Do just a little more than the customer expects.

Staffing

It is important to have the market run by personable, hard-working people; they are your face to the public. Employees should be well-trained and have a clear understanding of their job responsibilities. Develop an employee work schedule that takes into account peak and off-peak times for sales at the market. Plan to have sufficient staff on hand to avoid being overrun by customers during peak shopping times.

Record Keeping

Your record keeping practices will be one of the keys to the success of your market. Keep accurate records of what you produce, sell, and discard. These records will need to include the cost of production, selling price, and marketing expense. Accurate records can be used to establish break-even prices, determine profitability, and aid in planning production for future seasons. Records will help you analyze your business and make sound decisions. Are certain products selling well enough to justify their space in your market? How late should you be staying open? In order to make a good decision, you need to analyze the best data available; keeping good records is critical to the success of your business.

Advertising

Although advertising is expensive, if done properly and strategically, it is certainly worthwhile. Often ads on radio and local cable television and in newspapers are surprisingly affordable. Advertising is an investment that will pay you dividends in attracting customers to your market.

Be strategic about your advertising. Choose mediums and outlets that appeal to your target customers. Talk with advertising salespeople about the demographics of their audience and geographic distribution— does it fit your target customer profile? If your operation is only open seasonally, it is unlikely that you'll need to advertise throughout the entire year. You may find that you only need to advertise at the beginning of the season to let customers know that you have reopened. If you are offering new products, your current customers will want to know about them. Advertising new products may entice new customers to your market as well.

Never underestimate the power of word of mouth advertising. Satisfied customers that feel a connection to your market and its products will undoubtedly be your best form of advertisement.

For Additional Information

Beierlein, J. G. and M. W. Woolverton. *Agricultural Marketing: The Management Perspective*, New York: Prentice Hall, 1991.

Dunn, J.W., J.K. Harper, and G.L. Greaser. *Agricultural Alternatives: Fruit and Vegetable Marketing for Small-scale and Part-time Growers*. University Park, PA: Penn State Cooperative Extension, 2000.

Dunn, J.W., J.K. Harper, and L.F. Kime. *Agricultural Alternatives: Cooperatives*. University Park, PA: Penn State Cooperative Extension, 2005.

Kime, L.F., S.A. Roth, and J.K. Harper. *Agricultural Alternatives: Starting or Diversifying and Agricultural Business*. University Park, PA: Penn State Cooperative Extension, 2004.

Kime, L.F., W.W. McGee, S.M. Bogash, and J.K. Harper. *Agricultural Alternatives: Developing a Business Plan*. University Park, PA: Penn State Cooperative Extension, 2004.

Kohls, R. L., and Uhl, J. N. (2001). *Marketing of Agricultural Products (9th Edition)*. New York: Prentice Hall.

Starting a Business in Pennsylvania: A Beginner's Guide. Pennsylvania Department of Revenue. REV-588 PO (04-02) (available on-line)

Web Sites

Agricultural Marketing <http://agmarketing.extension.psu.edu> and <http://lehigh.extension.psu.edu/Agriculture/market.html>.

Pennsylvania Small Business Development Centers. <http://www.pasbdc.org/default.asp>

State Small Business Resources. <http://www.thinkinglike.com/State-by-State-Business-Resources.html>

USDA Direct Marketing Bibliography. http://www.ams.usda.gov/directmarketing/b_6.htm

Prepared by James W. Dunn, professor of agricultural economics, John W. Berry, extension educator in Lehigh County, Lynn Kime, senior extension associate in the Department of Agricultural Economics and Rural Sociology, R. Matthew Harsh, extension educator in Adams County, and Jayson K. Harper, professor of agricultural economics.

Additional financial support for this publication was provided by the Risk Management Agency of the United States Department of Agriculture and the Pennsylvania Department of Agriculture.



Visit Penn State's College of Agricultural Sciences on the Web: www.cas.psu.edu

Penn State College of Agricultural Sciences research, extension, and resident education programs are funded in part by Pennsylvania counties, the Commonwealth of Pennsylvania, and the U.S. Department of Agriculture.

This publication is available from the Publications Distribution Center, The Pennsylvania State University, 112 Agricultural Administration Building, University Park, PA 16802. For information telephone 814-865-6713.

Where trade names appear, no discrimination is intended, and no endorsement by Penn State Cooperative Extension is implied.

This publication is available in alternative media on request.

The Pennsylvania State University is committed to the policy that all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. It is the policy of the University to maintain an academic and work environment free of discrimination, including harassment. The Pennsylvania State University prohibits discrimination and harassment against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, sex, sexual orientation, or veteran status. Discrimination or harassment against faculty, staff, or students will not be tolerated at The Pennsylvania State University. Direct all inquiries regarding the nondiscrimination policy to the Affirmative Action Director, The Pennsylvania State University, 328 Boucke Building, University Park, PA 16802-5901, Tel 814-865-4700/V, 814-863-1150/TTY.

© The Pennsylvania State University 2006

Code # UA434

5M3/06mpc3995g