EXPANDING DIRECT MARKETING OPPORTUNITIES THROUGH FARM SHOPS IN WESTERN TOURISM DESTINATIONS

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OBJECTIVE

- Develop an Extension program on best practices for implementing and assessing the feasibility of farm stores/shops focusing on the tourism market in the Intermountain west

- Target audience is small-scale growers and food producers, currently direct marketing their products

- A farm shop/store, also called a roadside farm market, is a permanent or semi-permanent structure where farm products, both fresh and processed, are offered for direct sale to consumers. These shops/specialty stores are normally open to the public year-round and often provide snacks or a lunch counter.
Western US a popular tourism destination
- 20+ national and state parks on the I-15 corridor in the Intermountain west

Prime area for tourism development
- Visitors spend 40% of their travel budget on food and beverages

Utah’s 2011 tourism indicators
- 6.3 million national park visits
- 4.8 million state parks visits
- 3.8 million skier visits
- Total spending by travelers and tourists: $6.9 billion

(State of Utah Economic Report, 2012)
Intermountain West
- Utah
- Nevada
- Idaho
- Montana
- Wyoming

WHY DIRECT MARKETING?

- Increasing consumer demand for local fresh and value-added food products, especially while traveling
  - The National Restaurant Association's 2013 Restaurant Industry Forecast reported that 7 of 10 consumers were more likely to visit a restaurant offering locally produced items

- Current literature finds that the success of small farms may be enhanced by…
  - Expansion of direct market outlets
  - Diversification into agritourism, and
  - Value-added products
WHY FARM SHOPS?

- Additional market outlet for current products
- Reduced transportation/marketing costs
- Year-round sales (additional sales)
- Outlet for value-added products
- Income/employment for family members
- Currently few farm shops in the West, more common Southeastern US and UK
- Cottage food production laws now in several Western states
EXTENSION PROGRAM DEVELOPMENT

1. Needs assessment
2. Identify program impacts, & required inputs & topics
3. Develop program outputs
4. Organize & promote program
5. Conduct workshops & evaluations
6. Conduct mid-term follow-up evaluations
7. Conduct long-term follow-up evaluations
8. Did the program create private & public value impacts? Economic, financial, & social
NEEDS ASSESSMENT

- Online survey of small-scale producers in Mountain States
- Recruited through email lists of Extension
- November 2013
- 96 respondents
  - 63% operation near a tourism destination or direct travel route between destinations
  - 62% produce vegetables and herbs
  - 75% using farmers’ markets
  - 65% produce value added goods
  - 24% offer agritourism/food tourism now
YEARS OF EXPERIENCE/VALUE OF PRODUCTS

How many years of experience do you have in your current industry?

- < 1 year
- 1-5 years
- 6-10 years
- 11-20 years
- > 20 years

What was the 2013 value of all your products sold (gross revenue)?

- <$2,500
- $2,500-$5,000
- $5,000-$10,000
- $10,000-$25,000
- $25,000-$50,000
- $50,000-$100,000
- $100,000-$500,000
- >$500,000
Have you considered opening a farm shop/store (either on-farm or in another location) to sell your operation's products in the future?

- Yes
- No
- I already have a shop
What would you consider to be the benefits of selling your products through a farm store/shop?
What would you consider to be the primary hurdles to opening and operating a farm store/shop?

- Finding a location: 34.2%
- Infrastructure investment: 67.1%
- Marketing/promotion: 35.6%
- Labor availability: 34.2%
- Governmental regulations: 58.9%
- Insurance costs: 45.2%
- Obtaining additional products: 26.0%
- Processing my products: 28.8%
- Other: 15.1%
OWNERSHIP CHOICE

If you were to sell products through a farm shop/store what would be your choice of ownership?

- Own my own shop
- Own a shop with a group (cooperative, LLC, etc.)
- Sell to a shop owned by others
- Other
MORE STATS

- Current cooperative member – 17%
- Interest in joining a marketing cooperative, such as a food hub or state-wide farm shop system? – 73%
- Would attend a workshop on farm shops – 79%
If you were to attend a workshop/training on farm shop sales, what topics would you like to see covered? (Check all that apply)

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing</td>
<td>63.1%</td>
<td>41</td>
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<tr>
<td>Hiring and managing employees</td>
<td>35.4%</td>
<td>23</td>
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<tr>
<td>Marketing/promotion</td>
<td>75.4%</td>
<td>49</td>
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<tr>
<td>Ordering and inventory management</td>
<td>33.8%</td>
<td>22</td>
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<td>Product placement and arrangement</td>
<td>40.0%</td>
<td>26</td>
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<tr>
<td>Processing/labeling value-added products</td>
<td>61.5%</td>
<td>40</td>
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<tr>
<td>Pricing products</td>
<td>66.2%</td>
<td>43</td>
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<tr>
<td>Contracting with store owners</td>
<td>52.3%</td>
<td>34</td>
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<tr>
<td>Other (please specify)</td>
<td>9.2%</td>
<td>6</td>
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</table>
PROGRAM GOALS - IMPACTS

- Rural economic development
  - Increase farm/ranch profitability and diversification
  - Preserve farmland
  - Generate additional jobs
  - Increase local tourism expenditures
  - Increase recreational activities
- Increase awareness of region as a food tourism destination, cultural identity
OUTPUTS PLANNED

- Curriculum (fact sheets, worksheets, and tools)
- Workshops in five states
- Regional planning - State tourism depts, SSDs, tourism providers, growers, and small food processors
  - Distribution coop/food hub
  - Regional farm shop cooperative
  - Tourism marketing
- Food heritage trail, map to accompany current tourism destinations
DISCUSSION

- Definite need for programming, assistance with organization
- Interest in cooperative type of business
- Near tourism destinations or travel routes
- Infrastructure, marketing, and pricing largest need areas

Next steps
- Grant funding
- Organizational meetings - producers and stakeholders

Comments or questions?
THANK YOU!