

We anticipated that people would just come shop at the farm stand, but you weren't having them put in an order to then be picked up at the farm stand. That's been a significant shift since the pandemic. That is actually what has made it reasonable for most any farm to now consider having an online store is because even if people wanna come shop at the farm stand now, the order pretty much has to be ready for curbside pickup. So once the pandemic ends and the need for having curbside pickup dissipates, the need for having an online store technically should dissipate as well except if customers get used to the experience. So we have farms actually from the Northeast Kingdom, driving all the way down to Burlington right now, doing free delivery and how long that might be sustainable is a really good question.

Welcome, this is the Ag Engineering Podcast, where we talk tools, tips, and techniques to improve the sustainability of your farm. I am your host, Andy Chamberlain from the University Of Vermont Extension. And this podcast is supported by Northeast SARE providing grants and education to advance innovation in sustainable agriculture. We are trying to improve the industry by chatting with farmers and getting their input on tools, tips, or techniques that have changed the way they farm for good. Many of these practices affect multiple areas of the farm, whether it be environmentally, emotionally, physically, or financially, we share the knowledge to promote sustainable agriculture, lifestyle and business. Thanks for having a listen. Now let's get started. Today's interview is with Rose Wilson. She is a consultant and business planner with market development. She's got 16 years experience working with both UVM, the Intervale Center, NOFA Vermont, Massachusetts Department of Ag, MOCA, and many more organizations like that within the Northeast. Rose, welcome to the show.

Hi, thanks Andy.

Today we wanted to talk about kind of long term business planning decisions and talk a little bit about the online marketplace that farmers have quickly adopted and deciding if that really is the right plan going forward.

I do business planning and market development with farms and I work primarily throughout New England.

A lot of farms implemented an online store with this whole COVID-19 pandemic going on, and they had to do that in order of necessity because their existing sales channels just closed down and they were left with nothing else to do, but move online. Now that things have shifted slightly and farmers have had a little bit more time to think what are some considerations that farmers should have in deciding whether this online store is a good fit for them or not?

Yeah, so typically the online platform has been for reaching markets that are not right outside your front door and it's for products that are actually shippable. So we were primarily seeing farms that had high margin products that could support the cost of shipping and packing and were reaching Metro markets or markets further a field than the local and regional markets. With the pandemic, what we saw is that because even local shopping options became restricted, consumers were looking to online ordering as a way to even access fresh vegetables and fresh product. And because of the necessity for curbside pickup, the online ordering platform actually facilitated both the need to acquire fresh product and also

the farm's ability to do the pick and pack and provide curbside delivery of those products. With the pandemic eventually easing, the need for that service, for online ordering of actual fresh product may dissipate. And so we might again see that online ordering primarily supports the value added products and the high margin products that are shipping able, and that also have a sufficiently high margin and are reaching a demographic that is willing to cover the cost of shipping of those items.

I see a lot of farms offering free delivery right now, all over the county and even all the way across the state. Do you think they put a whole lot of thought into their pricing or strategy or how do you think that's gonna impact their farm?

Yeah, so typically when farms are doing online ordering for their value added or high margin products, these are products that they're anticipating to ship and they've incorporated a shipping and a pack packing or shipping in a handling fee into their pricing or into the order form. When we had the flurry of online ordering to service the basic needs of our local residents and communities, farms didn't have the opportunity to adapt and react to the need, to either update their pricing to incorporate shipping and handling or delivery fees. And also many farms who were just getting into online ordering didn't have a chance to realize the full impact of the pick and pack labor needed to support those orders. And so now what we're seeing is farms are needing to readjust either consider readjusting their pricing or considering adding a delivery or a packing and handling fee. During the pandemic, certainly people are attempting to minimize changes to their pricing, but I do believe that once the pandemic is over, farms will need to incorporate that additional labor and supplies expense and transportation expense into their fee structure if they do intend to continue offering online deliveries in the future or online ordering in the future.

Do you think that there will be a customer demand for ordering things online like this? I think it's really gonna shift the way people shop, but do you think they'll revert back to just going to the store and browsing? Or do you think a lot of people might implement this more convenient for them way of shopping?

Right, that's the million dollar question. Habits are hard to change, but once you've formed a habit, it's a pretty strong bond. And so the question is once we actually have formed these new habits and people become accustomed to the convenience of being able to order and then go to the farm stand and just pick up their pre-packed order, they might like to keep doing that even for the fresh product. And that's where it will be very important for the farms to have adequately incorporated the cost of servicing those orders into their pricing, because we initiated that out of necessity. But if that becomes standard, then the farms definitely need to price that in. And we don't yet have a good read on whether people will revert back to their former purchasing habits or the convenience and the sort of social distancing psychology becomes such that people do continue to do online ordering even for their local shopping.

I could see that to be a challenge for farmers if some people really want to continue that just pick up pick up order, and those that do want to come in and browse again. Especially I'm thinking about pricing, you know, would they have two different prices because they're not packing boxes for the people that come to their farm store? Or would they just kind of raise that bar overall? I'm not sure.

Exactly. That's one of those things that we would probably try to evaluate on a case by case basis and recommend that the farm do some testing with their market to see would their particular customer base prefer to have a delivery fee or a handling fee on their online order form? Or would their customer base be better served if they just increased everybody's pricing by a small amount to offset the cost of the handling expense for the online ordering. So again, I would definitely encourage the farms to talk with their consumers, to find out what their consumers would find more preferable. We have seen just in general when you or I are ordering online people, don't really like to see the shipping fee. So it's often easier if you can camouflage the shipping fee or the handling expense in the cost of the item itself. And so in that case, it might be easier for a farm to incorporate the cost that they're seeing once they identify what percentage of their market is going to continue doing online ordering, and if they can budget for what that expense would be then to assess that fee over their entire product volume. And it might be a small increase in expense over all of their products that is easier for their customer base to support and more appealing than showing an online delivery fee assessment to each order.

If farms are gonna continue to have on-farm pickup, what are some things that they should consider for the long-term plan, obviously people needed to act fast and make some quick decisions in order to make their farm accessible to their customers early this spring, but long term thinking, what are some things that they should consider if they're gonna continue forward with this?

Yeah, so right now, the interesting thing about the online ordering is it's the only way that they can service, or the primary way that they can service people coming to their farm stands. So a significant majority of their sales are going through their online ordering system. And therefore it makes that system even on a small scale, fairly robust. So they know that they are gonna order boxes and supplies and they can have somebody ready to pack. And it makes sense to have those. If they go back to then having a certain percentage of their customer base is gonna be coming by the farm stand and a smaller percentage is now gonna be using the online ordering system, then the quality of service might go down and it might not be sustainable for them to continue offering it. If the percentage of customers continuing to use that service decreases to the point where it's less convenient and expensive, and it's more expensive for the farm to support it than just ceasing to offer that as a service. So there may come a tipping point at which the farm realizes we were using that service during the pandemic, it made sense, but actually now that the pandemic is over, we don't have the volume of online ordering to support continuing to offer that service. And that'll, especially, I believe the farms who are more remote to get to might be the ones that start to see that impact earlier than others, that the minute people can go back to shopping on their more regular ability to browse and go see farm stands that the online ordering for farms that are in more remote locations might drop off sooner.

So a lot of farmers now are online and they're getting use to this because it's quite a long trial period, learning this whole online sales and dealing with customers digitally, say they've really figured it out and they kind of like this way of doing transactions. How can they leverage this new platform that they've implemented to keep their customers into this online sales platform?

Yeah, if folks like it and they find that it's a good way to make sales happen, definitely continuing market the service, trying to do outreach, to encourage the existing customers to increase the frequency and the volume of their transactions. And then continuing to try to attract additional people within the

region who perhaps haven't tried their service. And so that's where they can leverage social media marketing and also local print advertising. I'm a big fan of still sending people a sort of a postcard ad in the mail, letting them know that, Hey, you're here. This is the community that you service. And if you come online and check out our online ordering platform, we can service your needs. Especially if you tag team that with some social media advertising, you can get some really good leverage there. And also encouraging your existing customers, develop some programs to help them spread word of mouth. If they like what you're offering, you know, provide some fun incentives to help them be even more excited to share it with their neighbor where and how they're shopping. You can do that through loyalty programs, frequent shopper programs, fun gift card, just some sort of fun little challenges that you can offer to reward your customers for helping spread the word.

Why might an online marketplace be the wrong choice for a farm and why should they not pursue that?

I don't ever think that there's a right or a wrong way. Certainly any form of marketing is better than no marketing. So having the ability to have an online platform isn't going to be a negative as long as you have the capacity to service it. So if you do get an order through your online platform, even if your online platform is infrequently used, making sure that you actually service that order in a timely manner with the appropriate customer service. When it might become no longer effective is if the cost of actually offering that service. So the cost of paying for the shopping cart, the core cost of hosting that service, the orders being received are less than the cost of the basic functionality of the service. Then you might determine that well, okay, I'm not getting the amount of traction on the online ordering that I need. I don't have the types of products that typically would be what somebody is looking for online. And you can cease to operate the online service. You can still maintain your online presence and your marketing, but you wouldn't need to actually host an online shopping service. And I think those will especially be the farms that began online shopping or online ordering specifically to service the needs of the consumers during the pandemic, when it became difficult to shop and curbside ordering became the norm because when curbside ordering. Became the norm, everybody was ordering their vegetables through online order platforms, but that may likely cease or dissipate once the pandemic is over. And so for those farms, for the farms who initiated online ordering specifically to meet the needs of the pandemic, I believe those farms may no longer need the online ordering once the pandemic is over. But certainly for folks who have high margin products, value added products that are shippable, those are the type of people who would typically find online ordering to be useful. The other folks who would find online ordering useful are the folks who are in remote areas, who don't actually have a local customer base to service the farm stand. And so they are primarily looking at the online ordering platform, even for vegetables as a way to get their product to Metro markets. So we do have some farms who are using, even though they're in remote areas, they're using online ordering as a way to ship their vegetables from their farm to downtown New York City, for example. And again, if you're going to be doing that, the cost of shipping and handling is so exorbitant that you really have to be targeting a demographic that once your vegetables and is willing to pay the cost of the shipping to obtain them.

I've heard of a lot of farms doing just that, shipping stuff from here in Vermont down to New York City. How do farms get into that, are they using a distributor? I know some are. Or in this example that we were just talking about, are they really leveraging that social media marketing in order to find customers down there?

So both of those, and also a lot of the way a particular farm becomes successful. And a lot of ways a business becomes successful is because of the unique connections and networks that they have. So what you'll often discover is that if a farm is servicing a certain market, they were able to access that market through either a personal connection or some way that they gained entry into it. And so it's not necessarily that every farm is gonna find the same way to gain entry into the market. But when a farm is assessing what their opportunities are, it's really useful for them to think about, well, who do I know in what areas and could those individuals or entities become a seed for me to grow a market from? So if you have connections to an institution in New York City or some friends that live down there, and if you were to be able to talk to them about beginning to order from you, and then they could tell their friends, and then slowly but surely you build up a base of people ordering from you, then it becomes viable. It's not necessarily replicable what one farm is doing to the other. One of the things that you brought up is actually an interesting point, which is that there is this opportunity to do aggregation and distribution, and so either a farm, especially a farm. So this goes back to the question about, should all farms have an online ordering platform or not? Some farms just don't either have the product or the broad depth of product availability to have an online ordering platform of their own makes sense. So if you only grow spinach and potatoes for example, it's gonna be hard for people to come to your website, just to order spinach and potatoes. That's where maybe aggregating with somebody else who's got an online platform so that you're offering a broader variety of product on the online platform, and then finding a way to service the distribution expense, the shipping expense. So aggregated ordering and delivery systems I'm finding can be beneficial. And we're seeing those pop up all over the place, especially for retailers. So there's a lot of aggregated online ordering platforms now for stores looking to access local food. Again, it's primarily focused on the value added products, the shelf stable products, as opposed to fresh vegetables, but we also have several food hubs and food shipping distributors that are offering local products with their own online aggregated ordering platforms.

Yeah, times are changing and it'll be interesting to see how that part of the food network will kind come together or grow or how it will distribute.

Yeah, so the key there with aggregation too, one of the things that folks have to just be aware of is that once a platform or a service provider has a certain product, then if we have five other firms that come in with the same product, they might not have a need for that product. So with aggregation and distribution, it's always best to be first in line, because there will be a limit to how many items they can put up there, especially if they're the same item. And so that's where also being able to fully explain what your niche is and why you're good at what you do so that if you do face competition, you can explain why you are the best spinach provider or the best potato grower for example. Or that you grow unique potatoes. And so even if there's another potato grower on there that your potato offering is also something that should be up there, just something to be aware of that we are already seeing competition hit to the point where people have the variety that they need, and they don't necessarily need, or are looking for additional products to put up on their platforms.

That makes sense, that competition I can see would be much more of a challenge in a wholesale distribution, almost more commodity based system than directly farm to consumer, so that's definitely a drawback to that model is competition at that scale.

Yeah. And that's where each farm having their own online ordering can be beneficial, but again, then the question becomes if everybody has their own online ordering, how much traction is every individual farm gonna get? And that's where that sort of volume of variety comes into play. The more things you offer on your online ordering system, the more your website will be desirable to a potential consumer, the easier you are to access, whether it's because you're shipping it to the consumer, or you're not far from their home and they're coming to drive over and pick it up. Those things will all factor into how much your online ordering gets utilized over somebody else's.

Okay, one last question. If people wanna follow up with you and either get in touch or learn more, or have a conversation with you, how can they do that?

Certainly, they can call me at 802 - 649 - 1000. That's a home number, not a cell phone number so don't leave a text. And the website is RoseWilson.com and the email is Rose@RoseWilson.com.

Sounds good, well, thanks for coming on the show today Rose, and I hope you have a great day.

Thanks, Andy.

Thanks for listening to today's episode. If you learn something today or plan to make a change on your farm, let me know. I'd love to receive any feedback you have. Just click the link in the description to submit the form. It will help the future of this podcast to be a resource that is helpful for you. And while you're at it, I hope you go ahead and subscribe, share this with a friend or leave a comment. And if you want more information, check out the show notes on our website at agengpodcast.com. That's A-G-E-N-G-P-O-D-C-A-S-T.com. Thanks for listening, and I hope you have a great day.

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