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Direct Marketing Today

Challenges and Opportunities



Direct Marketing Today: Challenges and Opportunities

**United States Department of Agriculture
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Transportation and Marketing Programs**

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Contents

	<i>Page</i>
Executive Summary	vii
Project Goals and Objectives	1
Background	1
Focus Group Methodology	2
Focus Group Objectives	2
Selecting Focus Group Participants	2
Location of Focus Group Meetings	3
Focus Group Organization	3
Focus Group Participant Profile	5
Regional Differences	5
Focus Group Participant Experience in Direct Marketing	5
Facilitator Profile	6
How Facilitators See Their Roles	8
Marketer Profile	9
How Marketers See Their Roles	10
Pre-Focus Group Survey Results	11
Challenges and Opportunities	11
Sources of Direct Marketing Information	13
Accessing Direct Market Information	14
Future USDA-AMS Efforts To Affect Direct Marketing Decisions	16
Focus Group Meeting Discussion	19
Challenges and Barriers as Perceived by Marketers	19
Labor	19
Competition	19
Income and Credit	19
Regulations and Insurance	19
Technical Assistance and Grants	20
Location	20
Challenges and Barriers as Perceived by Facilitators	20
Producer Marketing Skills	20
Technical Assistance and Grants	20
Financial Capacity and Income	20
Regulations	21
Perspectives on the Future of Direct Marketing	21
Consumer Perceptions and Demand	21
Future Farmers	21
Other	21

	<i>Page</i>
Information Needs	22
Marketing Methods	22
Business Decision-Making Tools	22
Industry Data	23
Consumer Trend Information and Data	23
Technical Assistance	23
Consumer Education and Promotion	23
Regulatory Clarification	23
Implications for USDA-AMS Programs	25
Approaches to Enhanced Involvement of USDA-AMS in Direct Marketing	25
Collaboration	25
Balanced Approach	25
Using Existing Expertise	25
Possible Programmatic Responses to Identified Needs	25
Clearinghouse	25
Grants	25
Broader Government Agency Support	25
Regulatory Relevance	26
Regulatory Compliance	26
Key Contacts and Information Dissemination	26
Association Development and Support	26
Research and Data Collection	26
Consumer and Market Research	26
Strengthening Producer and Consumer Linkages	26
Access to Quality Wholesale Produce	27
Expanding Market Channels	27
Promotion	27
How-To Information	27
Performance Standards	27
Perfect World Summary	29
Direct Marketing Outlook	29

Appendixes 37

Appendix 1. Focus Group Participants

Appendix 2. Focus Group Materials

Maps and Figures

Map—Residency of Focus Group Participants 4

Figure 1. Years of Experience in Direct Marketing 6

Figure 2. Direct Marketing Facilitator Affiliation by Sector 7

Figure 3. Support and Services Currently Provided by Direct Marketing
Facilitator to Focus Group Participants 7

Figure 4. Facilitator’s Program Activities 8

Figure 5. Farm Products Produced by Marketer Focus Group Participants 9

Figure 6. Marketing Channels Used by Marketer Focus Group Participants 10

Figure 7. All Participants: Direct Marketing Problems 11

Figure 8. Facilitators: Direct Marketing Problems 12

Figure 9. Marketers: Direct Marketing Problems 13

Figure 10. All Participants: Importance of Direct Marketing Information Sources 14

Figure 11. Marketers: Importance of Direct Marketing Information Sources 15

Figure 12. Facilitators: Importance of Direct Marketing Information Sources 15

Figure 13. Methods Used To Access USDA Information 16

Figure 14. All Participants: Importance of USDA Involvement 17

Figure 15. Marketers: Importance of USDA Involvement 17

Figure 16. Facilitators: Importance of USDA Involvement 18

Tables

Table 1. Marketers: Facilitating Direct Marketing in a “Perfect World” 30

Table 2. Facilitators: Facilitating Direct Marketing in a “PerfectWorld” 31

Table 3. Summary Challenges, Information Needs, and Potential Responses 32

Table 4. Implications for USDA-AMS Programs Summary 34

Executive Summary

The U.S. Department of Agriculture (USDA)-Agricultural Marketing Service's (AMS) Farmer Direct Marketing Action Plan (August 1998) identified the need for public input on farmer direct marketing issues and opportunities. A goal of this plan is to translate this participation into the development of an effective programmatic strategy for USDA-AMS that reflects the needs of the direct marketing community, promotes direct marketing alternatives, and improves market access for small farmers. The first step toward gathering public comment was a farmers market forum in July 1998. The second step was to expand the collection of information through focus group meetings with marketers and individuals who work with small farmers or support direct marketing (facilitators).

Five focus group meetings were held with marketers and facilitators in three locations (Sturbridge, MA; Grand Rapids, MI; Memphis, TN). The diversity of locations afforded balanced contributions from a broad constituency and an opportunity to investigate regional differences in production and marketing strategies. Forty direct marketing facilitators and 27 direct marketers from 34 States participated.

Direct Marketing Challenges and Opportunities

Pressing issues are producer perceptions of cost and returns, financial capacity of direct marketing businesses, availability of technical assistance and grants, and the overall regulatory environment faced by direct marketing firms. Of lesser concern were the status of producer marketing skills, availability of insurance, and the status of information and networking in the direct marketing community. Finally, relatively few focus group participants judged consumer interest to be a large problem for direct marketers.

Market facilitators and marketers do not always hold similar opinions. A greater proportion of facilitators consider direct marketing success to be problematic, while marketers have a more buoyant attitude. Marketers downgraded capacity issues related to producer marketing skills, while more than 60 percent of facilitators indicated that lack of these skills is a major impediment to direct marketing. Both groups are wary of costs and returns associated with direct marketing but do not consider consumer interest a big problem in the direct marketing of farm products. Facilitators assigned greater significance to problems stemming from lack of technical assistance or grants and the regulatory environment faced by the direct marketing community.

Implications for USDA-AMS Programs

Participants placed substantial emphasis on persuading USDA to expand data collection and applied research. Facilitators seek information that enhances their efforts to assist marketers and documents the significance of direct marketing. Marketers are looking for information that helps them make better business decisions and increase their income. Another high priority for both groups is developing "how to" manuals on a variety of direct marketing subjects.

Information needs that focus groups identified present program opportunities for USDA-AMS and for other USDA agencies. Although they agreed on the need for information, participants (especially marketers) voiced caution about "government" involvement in direct marketing. They also voiced concern that the Federal Government not duplicate what the private sector or State agencies are doing, but that it become a partner in enhancing direct marketing efforts. Facilitators, in particular, were interested in having USDA collaborate with or stimulate new initiatives through grants using existing expertise.

Possible Programmatic Responses to Identified Needs

- ❖ Establish an information and data clearinghouse
- ❖ Provide more funding authority for grants
- ❖ Enlist broader support from allied Federal agencies
- ❖ Promote regulatory relevance
- ❖ Assist with regulatory compliance
- ❖ Develop and utilize key contacts for information dissemination
- ❖ Develop and support marketing associations
- ❖ Collect research and data
- ❖ Expand consumer and market research
- ❖ Strengthen producer and consumer linkages
- ❖ Improve access to quality wholesale produce
- ❖ Expand market channels
- ❖ Provide “how-to” information
- ❖ Develop performance standards for direct marketing

Project Goals and Objectives

Background

The U.S. Department of Agriculture (USDA)-Agricultural Marketing Service (AMS) in its Direct Marketing Action Plan (August 1998) identified the need for public input on farmer direct marketing issues and opportunities to develop an effective plan that reflects the needs of the direct marketing community, promotes direct marketing alternatives, and improves market access for small farmers. The first step toward gathering public input was taken during a forum on July 1, 1998, for farmers market managers and other experts working with farmers markets.

A second initiative identified in the Action Plan was to conduct focus group meetings with direct marketing facilitators—individuals representing organizations that support small farmers and farmer direct marketing. A Cornell University team with prior focus group experience convened and facilitated the focus group meetings. To better meet project objectives, it was decided to expand the project to include direct marketers and facilitators in the focus group study.

The interest of USDA-AMS in direct marketing originates with its mission to facilitate efficient, dependable, and equitable marketing of agricultural products. The impetus for this project stems from a trend toward more direct marketing, especially among smaller farmers. This trend is fueled by consumer interest, by producers' desire for greater returns, and by growing community awareness of the contributions of farming and local food production.

Farmer direct marketing has become a successful alternative marketing method, especially for smaller producers who are uninterested in or unable to participate and compete effectively in larger wholesale market channels. Although still a small percentage of total agricultural sales, the number of direct marketers and the volume of direct sales are growing. The number of channels also is becoming more diverse, as indicated by the growth in farmers markets and community-supported agriculture (CSA) farms and in such new methods as mail order and Internet marketing.

Additional impetus for assessing the role USDA-AMS might play in support of small farmers and farmer direct marketing comes from the January 1998 USDA report, *A Time to Act*, provided by the National Commission on Small Farms. The report identifies the need to increase the emphasis on marketing opportunities for small farm businesses and to increase small farm income.

Input from focus groups will help to clarify and affirm the role of USDA-AMS in support of the direct marketing community and will provide guidance in developing an expanded programmatic strategy for direct marketing. USDA-AMS seeks insight from both farm marketers and facilitators on high-priority direct marketing issues and opportunities and the role it might play in addressing them.

Focus Group Methodology

The focus group process as a data-gathering tool offers the following advantages:

- Participants are chosen based on their expertise, thereby enabling USDA-AMS to obtain an authoritative assessment of issues and problems.
- Participants can explore specific issues in depth.
- Focus group meetings are highly interactive and provide a venue for useful brainstorming.
- The information resulting from focus group discussion can provide valuable reference points and context for additional policy and planning discussions.

Although the focus group process is a useful tool for percolating ideas and enhancing the understanding of issues, the team recognized that the information generated may come from more dominant group members and, though rich in detail, still is purely anecdotal. To reduce this weakness, the team used questionnaires in addition to meetings to collect information more systematically.

Focus Group Objectives

USDA-AMS identified several interrelated objectives to guide the process of gathering information from focus group participants:

- to understand the roles facilitators play to support farmer direct marketing,
- to understand how farm direct marketers view their role and why they became and are involved with farmer direct marketing,
- to learn about innovative strategies and techniques facilitators use to support direct marketing or marketers use to expand direct marketing efforts,
- to identify major challenges or constraints farm direct marketers or facilitators face in their efforts to support direct marketing,
- to gain information about issues and trends that have implications for the future of farmer direct marketing,

- to understand how marketers and facilitators address challenges,
- to learn about needs and gaps in information,
- to identify current information sources and their relative value to marketers and facilitators,
- to identify the means for accessing information,
- to identify key needs in a perfect world, and
- to identify the unique role USDA-AMS could play in meeting key needs.

Selecting Focus Group Participants

The project focused on two groups, facilitators and marketers. Together, they represent the principal clientele for USDA-AMS technical assistance and outreach efforts (appendix 1).

Focusing on direct market facilitators conforms with the USDA-AMS direct marketing program strategy. USDA-AMS intends to identify and collaborate with key organizations working to support direct marketing, including representatives from State agriculture departments, State and county Extension specialists, and nongovernmental groups with a variety of relevant agricultural interests.

Marketers were selected from two groups: those with substantial experience in direct marketing and considered to be industry leaders and limited-resource small farmers who may not have much experience with direct marketing but could benefit from additional marketing opportunities. To be cost-effective, marketer focus group meetings were scheduled around regional or national marketing conferences.

Focus group participants were selected by consulting key individuals having regional or national contacts with direct market farmers and facilitators. The USDA-Cooperative State Research, Education, and Extension Service's Small Farm Directory served as an additional reference for identifying potential participants. Some participants were selected from conference attendance lists and in consultation with individuals having prior contact with attendees.

The researchers tried to have as many types of organizations as possible represented at each location and to have good representation from a large number of States. For marketer meetings, attention was paid to balancing representation by State of origin, type and size of enterprise, marketing methods, experience, race, and gender.

Location of Focus Group Meetings

Five focus group meetings were held in three locations to gather input from a broad constituency of agricultural interests and to recognize regional differences in production and marketing strategies. Each session attracted participants who covered a broad geographical region: Sturbridge, MA—New England/Mid-Atlantic; Grand Rapids, MI—Midwest and Far West; Memphis, TN—Southeast and South Central. To be cost-effective, four of the five focus group meetings were scheduled around regional and national marketing conferences.

- *Sturbridge, MA, Dec. 3, 1998—Facilitator Meeting*
Sturbridge is a central meeting location. Facilitators in the region have a history of working together on direct marketing conferences and agricultural promotion efforts. The facilitators attending this focus group meeting probably have more combined direct marketing experience than facilitators in any other region of the country.
- *Grand Rapids, MI, Jan. 20 and 22, 1999—Marketer and Facilitator Meetings*
In Grand Rapids, the 1999 North American Farmers' Direct Marketing Conference joined with the Michigan Vegetable Conference. The North American Farmers' Direct Marketing Conference, held for the past 14 years, attracts from 1,000 to 1,300 people. Two focus group meetings were convened during this conference, one for marketers and one for facilitators from the Midwest and Far West. This venue offered the opportunity to involve highly experienced direct marketers and a facilitator group with a strong focus on direct marketing issues.

- *Memphis, TN, Mar. 24 and 25, 1999—Marketer and Facilitator Meetings*

In Memphis, a USDA-sponsored Agricultural Marketing Outreach Workshop focused on opportunities for limited-resource farmers. Two focus groups convened at this location, including one with a group of farmers diverse in their marketing experience, enterprise type, and income. As a group, they had less experience in direct marketing. Facilitators, too, were more diverse in their experience and affiliations, including State agriculture departments, 1890 college faculty and Extension staff, and cooperative and private organizations working on small farm problems and community development issues.

Focus Group Organization

A letter of invitation from USDA-AMS went to potential participants, followed by a second letter of invitation from Cornell University. Potential participants were contacted by phone to determine their availability and interest in attending the focus group meeting. A letter of confirmation went to those responding positively. Another mailing, which included a pre-focus group questionnaire, followed soon thereafter. The pre-focus group questionnaire (appendix 2) asked participants to indicate how much listed factors were problems for direct marketing. They also were asked to describe their contact with USDA and indicate the relative importance of possible sources of direct marketing information. Finally, they were asked to consider issues of additional USDA-AMS involvement with direct marketing assistance.

The pre-focus group questionnaire provided responses unaffected by the dynamics of the focus group discussion. Results helped set the stage for focus group discussion and for assessing and clarifying the role USDA-AMS might play in assisting direct marketing clientele.

A few days before the focus group meeting, participants received by fax a list of attendees and a meet-

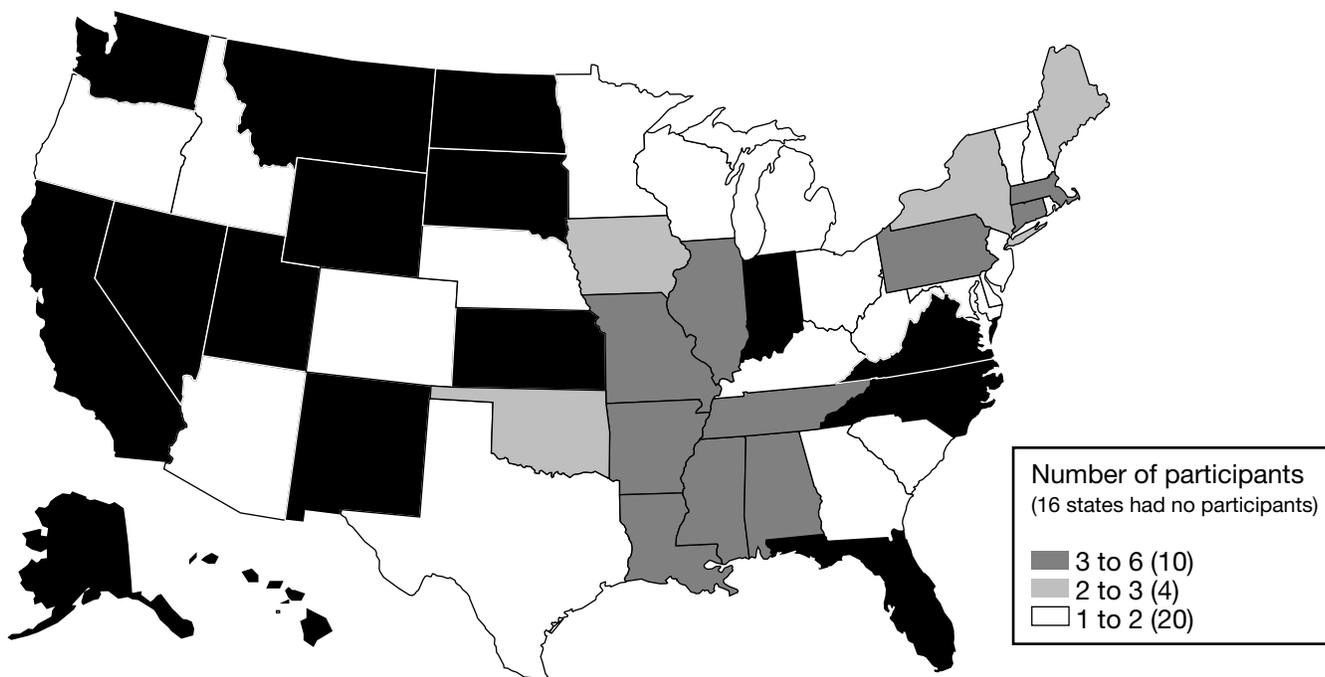
ing agenda (appendix 2). Each focus group meeting followed a similar agenda, starting with an introduction to the focus group process and goals of USDA-AMS. Participants introduced themselves, described their roles, and shared examples of successful direct marketing strategies. They discussed challenges and constraints with possible solutions to problems, focusing on information gaps and needs. Pre-focus group survey data were presented to guide conversation and clarify issues considered to be problems. The group leaders encouraged free and open dialogue among participants as they managed the agenda and directed the conversation. To synthesize the day's discussion, each participant was asked to articulate a key need to address in a perfect world. Each focus group meeting was recorded on videotape, through on-screen inventory of comments, and through written summary notes.

At the conclusion of the focus group meeting, participants saw a demonstration of the USDA-AMS direct marketing Web page and completed a second questionnaire, answering identical questions on problems and issues for USDA involvement (appendix 2). Participants were asked to contrast their experiences with those of others in the group and to highlight issues unique to their regions.

About 1 month after the focus group meetings, a third followup survey sent to participants asked for demographic information and information on the focus of direct marketing efforts (appendix 2).

Information gathered in surveys and focus group discussions was summarized and integrated to reflect key concerns and information needs in direct marketing. Each survey was keyed to individual participants so that shifts in responses as a result of focus group discussion could be observed.

Residence of Focus Group Participants*



*States indicated in black had no participants

Focus Group Participant Profile

Forty direct marketing facilitators and 27 direct marketers from 34 States participated (appendix 1) in the USDA Direct Marketing Focus Group Project (see map). Some States were not represented because individuals contacted were unable to attend.

Regional Differences

Several unique differences emerged by region, based on focus group meeting discussions.

Northeast/Mid-Atlantic

- Long tradition of direct marketing of all types
- Concern about local land-use regulations
- High cost of land for farming
- Limited land available for farming
- Agricultural land preservation programs in several States
- Public interest in preserving farms and open space
- High cost of doing business
- Good population access
- More people and consumers than farmers who can supply them
- Strong consumer interest in purchasing from local farms
- Many small, diverse family farms
- Strong competition from supermarket retailers

Midwest and Far West

- Concern about sprawl
- Population base spread out, opportunities good near cities but challenging in rural locations
- Need to attract customers from farther distances, more emphasis on becoming a farm destination and tourist attraction and keeping people on farms longer by offering a variety of services and amenities (restaurants, gift shops, attractions, festivals, etc.)
- Linkages being forged with tourism and economic development community and direct marketers
- Many farmer direct marketing operations emerging out of wholesale sales
- Growing and selling less farm produce, selling more farm entertainment

- A need for high-quality produce from other farmers to sell at farm markets
- Supermarket competition increasing

Southeast and South Central

- More emphasis on wholesale marketing, less on direct marketing
- Stronger tradition of cooperatives by which small farmers access markets
- Producers with less experience with direct marketing, a need for more basic information and assistance
- Interest in niche market opportunities
- A need for more successful farmers markets
- A rural population base with limited urban access
- Transportation an issue for getting products from farms to urban markets
- Limited-income consumers and producers
- A price barrier for direct-marketed produce posed by low supermarket prices
- Supermarket competition less intense
- Competition among marketers intense in areas of concentrated production

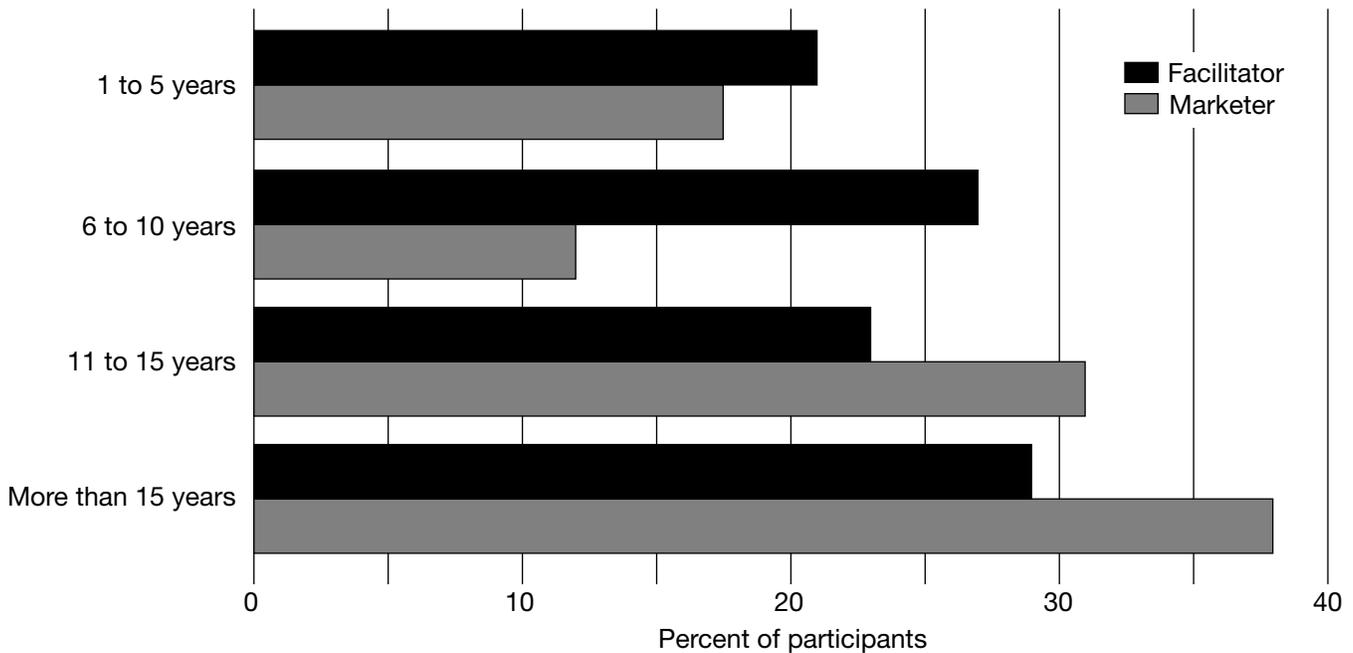
These regional differences, while not mutually exclusive, reflect the many challenges, barriers, and opportunities direct marketers face. Considering programs in support of farmer direct marketing, the public must recognize regional differences while focusing on common needs.

Focus Group Participant Experience in Direct Marketing

Overall, marketers had more direct marketing experience than the facilitators who provided them with support and services (figure 1). Marketers averaged 17 years, facilitators 13 years. Seventy percent of marketers had more than 10 years' experience in direct marketing. In contrast, only 54 percent of facilitators had more than 10 years' experience.

FIGURE 1

Years of Experience in Direct Marketing



Facilitator Profile

Sixty percent of the direct marketing facilitators were affiliated with government or university-related organizations (24 participants) (figure 2). Twenty-eight percent were affiliated with a university (11 participants), either as Extension staff or having responsibility for direct marketing activities with a university program, and 33 percent were from State departments of agriculture (13 participants). Within the “other” category of facilitators not affiliated with either a government or university organization, 28 percent (11 participants) described their organizations as “nonprofit” or listed their professional affiliation as either market managers (three participants) or producers who operated their own direct marketing business (six participants). Producers participating in facilitator group meetings were invited because of their affiliation with grower or marketer associations, such as the North American Farmers’ Direct Marketing Association, organic farming associations, etc.

Facilitators were asked about the direct marketing support and services offered by their organizations. Of 40 organizations represented in the focus groups, 67 percent (27 participants) reported that their organizations concentrated major efforts on conferences and workshops (figure 3). They followed these efforts closely with promotional activities (66 percent) and resource materials (64 percent). Research activities, such as case studies, research projects and surveys, or data gathering, came last as a major focus of support or services provided (29 percent).

As a minor focus, tours and surveys and data gathering led as support or services provided by 41 percent of the organizations (figure 3). This response was closely followed by training and printed resources, such as publications, fact sheets, and newsletters.

When asked about their agencies’ ability to respond to requests for assistance and information on direct marketing issues, 86 percent of all facilitators rated

FIGURE 2

Direct Marketing Facilitator Affiliation by Sector

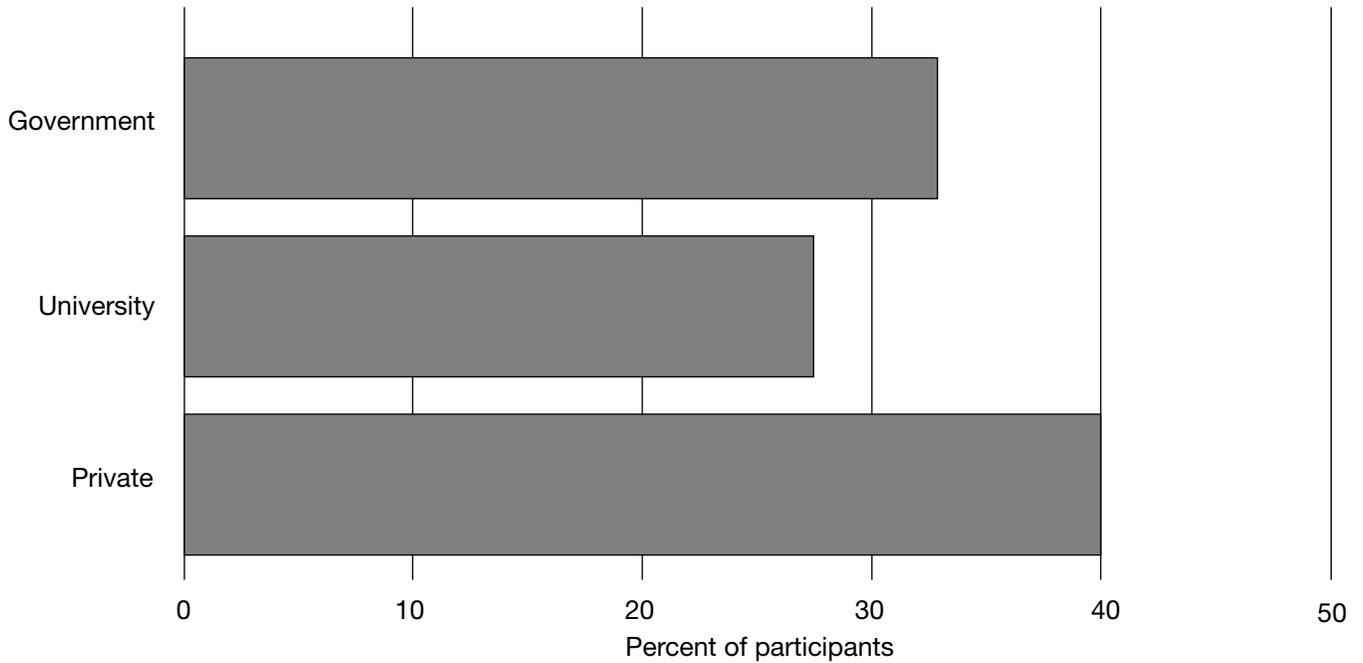
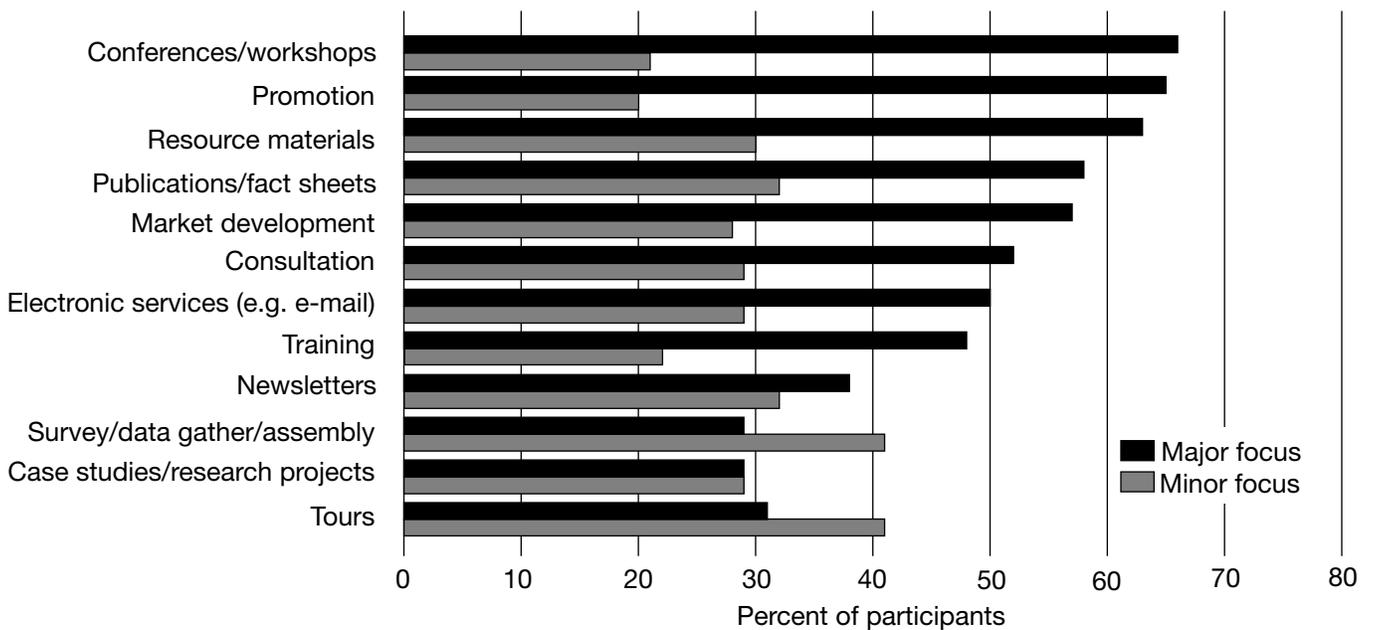


FIGURE 3

Support and Services Currently Provided by Direct Marketing Facilitator Focus Group Participants



organizational capability to respond to direct marketing requests as good to excellent. Commenting on how direct marketing requests have changed in the past 3 years, facilitators mentioned an increase in the number and nature of requests and new clients overall. Requests ranged from general direct marketing questions to starting a farmers market, agricultural tourism opportunities, farmers market manager training, and website construction.

Facilitators also were asked about their individual involvement with various direct marketing issues. More than half (69 percent) of all facilitators report that a major focus in their direct marketing work involves activities related to farmers markets. At least half reported that they are active in activities related to roadside stands (53 percent), direct marketing associations (53 percent), and specialty marketing (50 percent) as a major focus of individual involvement. The same percentage is involved in agricultural tourism but only as a minor focus. Facilitators are least active overall in international market

development and livestock marketing, with close to half (48 percent) reporting that they are not currently active in these areas. Figure 4 provides additional details on other direct marketing program activities.

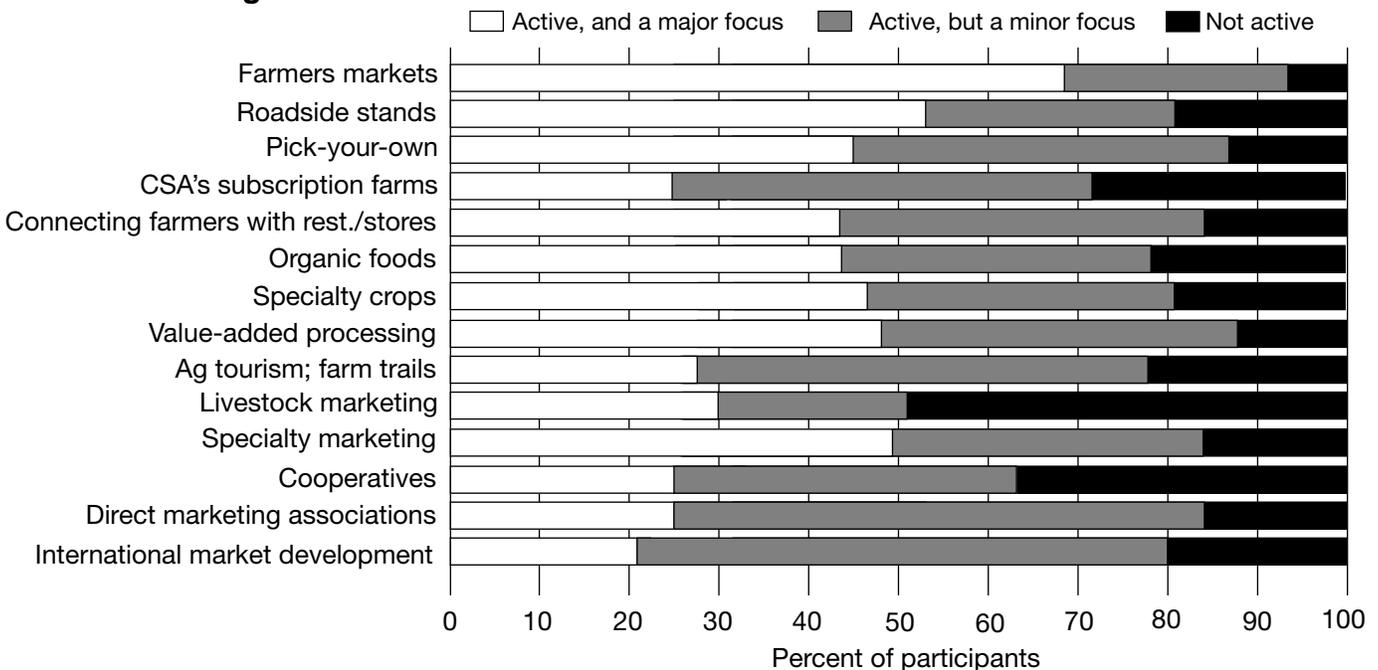
How Facilitators See Their Roles

Facilitators amplified on their activities in support of farmer direct marketing during focus group discussions. This involvement included special interests pertaining to agriculture and community (organic, sustainable, agricultural land preservation, food security and safety, youth education, grower/marketer associations, etc.).

Facilitators indicated they work on various levels, including: advocacy or policy; market development; agricultural tourism promotion; general promotion; agricultural diversification; added-value/food processing strategies; Extension outreach; research studies; surveys; publications; conferences, workshops, training; etc. Many expressed a desire for

FIGURE 4

Facilitator’s Program Activities



Note: CSA is community-supported agriculture

more networking, collaboration, and support with others engaged in similar work. They frequently mentioned a need for funding and gaining community-political support for direct marketing efforts. Most expressed the belief that they could enhance their efforts if they had better data to document the significance of direct marketing.

Marketer Profile

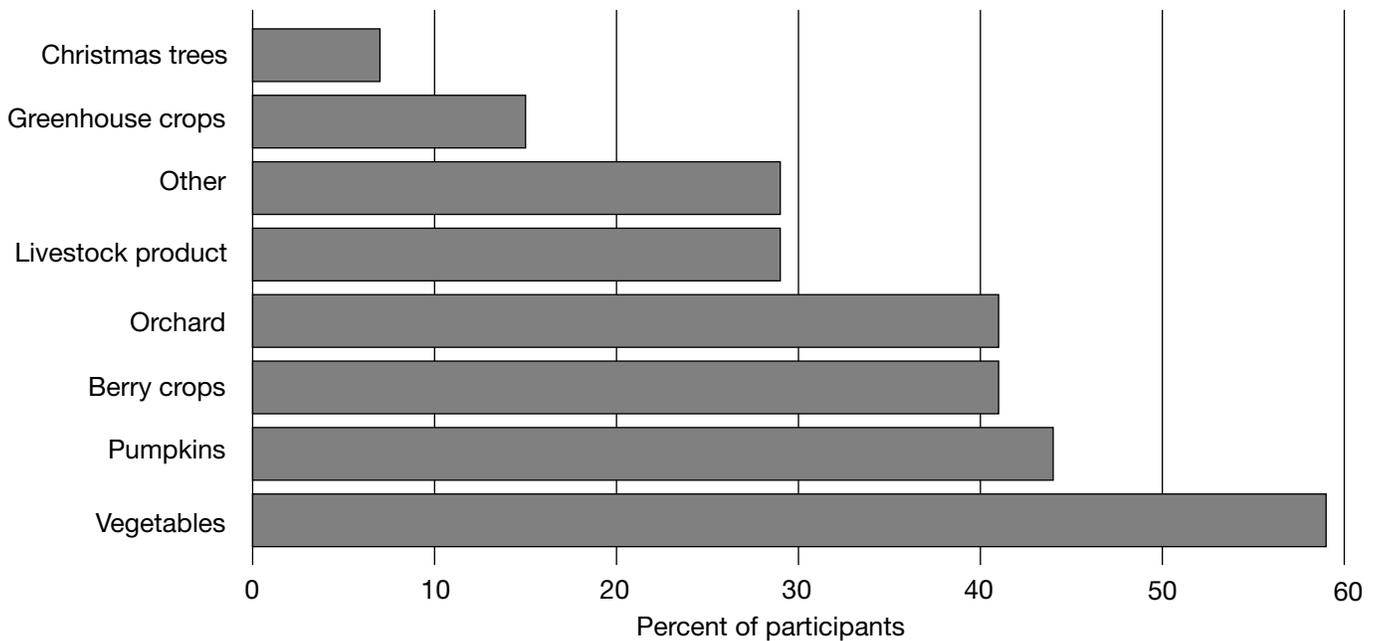
Vegetables in general (59 percent) and pumpkins in particular (44 percent) were the two most popular crops sold by marketers who participated in the focus groups (figure 5). Orchard and berry crops came in a close third (41 percent). Other crops or products mentioned included sweet corn, nuts, straw, flowers, sheep, cattle, soybeans, and processed products, such as corn meal, cider, and baked goods.

Most marketers reported that they sell farm products through on-farm markets (70 percent) (figure 6). More than half (52 percent) have pick-your-own operations or sell products wholesale. Farmers markets (22 percent) and agricultural tourism (19 percent) were not used as commonly by participating marketers. About one-quarter of marketer participants indicated they also sell products through cooperatives, forward contracting, and stockyards.

Close to 40 percent of participant marketers grossed \$500,000 or more in 1998. Forty-five percent reported gross sales of less than \$50,000. Of those reporting less than \$50,000 in gross sales, close to 63 percent reported that more than half of their gross earnings came from direct marketing activities. Within this group, about 38 percent relied on direct marketing activities to get 75 percent of farm gross sales.

FIGURE 5

Farm Products Produced by Marketer Focus Group Participants

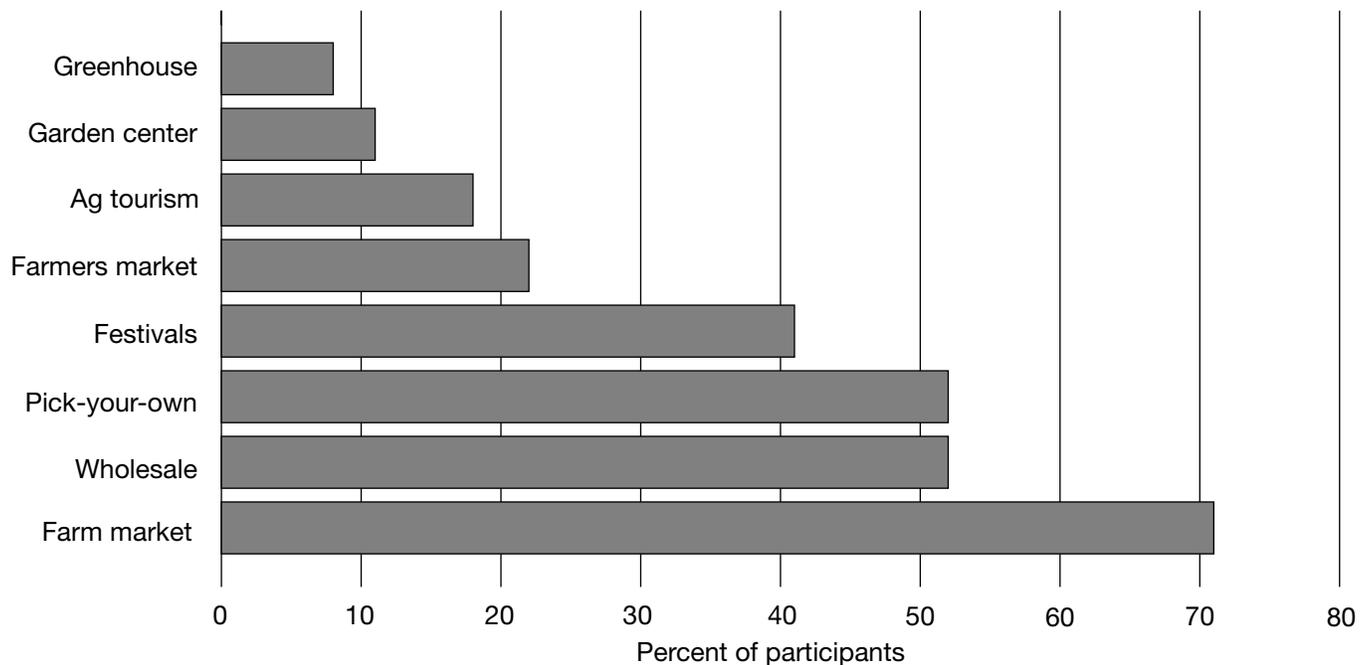


How Marketers See Their Roles

Farm direct marketers identified two key roles in group discussion: to provide fresh, safe, high-quality foods and to provide an opportunity for the public to interact with farmers and learn about farming. The more experienced marketers clearly were more attuned to consumer interests and, hence, were more concerned with consumer trends. Because many operated on-farm markets or entertainment farms, their main concern was to offer quality products and experiences for farm visitors. Many of the less experienced marketers expressed interest in reaching consumers, identifying niche opportunities, and learning how to market directly. Quality and pride in what they grow or offer was a consistent sentiment of both groups.

FIGURE 6

Marketing Channels Used by Marketers



Pre-Focus Group Survey Results

Challenges and Opportunities

An underlying premise for this project is that the Nation's farm and food industries are not fully exploiting opportunities to expand production and enhance incomes through direct marketing. A central line of discussion centers on defining problems. What exactly are the challenges and barriers now facing farm and food producers who want to grow their business through direct sales? To start, the group assembled a list of direct marketing problems on this topic, drawing upon the experience of individuals engaged in direct marketing. These problems included concerns about the supply side and the demand side of the direct marketing equation.

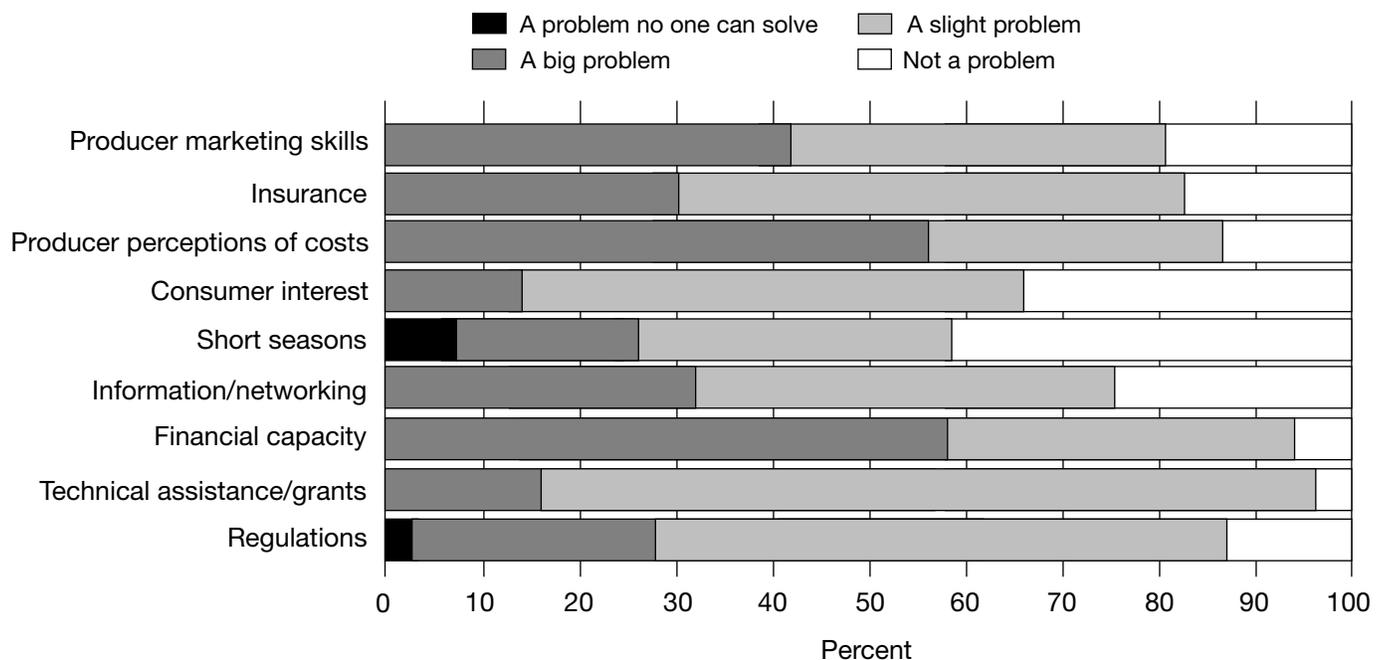
Nine direct marketing problems are identified in figure 7. Focus group participants were asked to assign these marketing issues to one of four categories, depending on the severity of the problem. On the demand side, participants were asked to evaluate overall consumer interest in direct marketing. On

the supply side, participants were asked to consider constraints presented by climatic conditions and a variety of institutional factors and the extent to which they are problems for successful direct marketing.

On the demand side, relatively few participants judged consumer interest to be a large problem. About 34 percent of all focus group participants indicated that, in fact, consumer interest was not a problem at all. On the supply side, four factors were rated as problems with the same proximate intensity. These factors included the overall regulatory environment faced by direct marketing firms (58 percent), financial capacity of direct marketing businesses (55 percent), producer perceptions of cost and returns from direct marketing (54 percent), and availability of technical assistance or grants (52 percent). Of lesser concern was availability of insurance and information and networking in the direct marketing community (figure 7).

FIGURE 7

All Participants: Direct Marketing Problems



Both important convergence and some sharply differing opinions notably emerge between facilitators and marketers, as shown in figures 8 and 9. Facilitators and marketers disagreed the most about five factors that may be problematic to their direct marketing activities—producer marketing skills, short seasons, financial capacity, regulations, and information and networking. For factors considered problematic, marketers downgraded capacity issues related to producer marketing skills. More than 60 percent of facilitators indicated that lack of producer marketing skills is a major impediment to direct marketing. In contrast, only 15 percent of marketers rated producer marketing skills as a big problem.

The most evident unanimity between marketers and facilitators related to producer perceptions of costs and returns and consumer interest in directly marketed products. Fifty-six percent of facilitators and 58 percent of marketers regarded producer percep-

tions of costs and returns as a big problem (figures 8 and 9). Conversely, respondents also evidently agreed on costs and returns associated with direct marketing, with similar proportions in both groups reporting that consumer interest did not constitute a big problem in their direct marketing activities (39 percent for marketers, 31 percent for facilitators). On the other hand, facilitators were far more concerned about the seasonality of direct marketing enterprises, with nearly 30 percent rating this issue as a big problem or worse; none of the marketers reported this issue as a big problem. Facilitators also assigned more significance to problems stemming from lack of technical assistance or grants and the regulatory environment faced by the direct marketing community.

Issues facilitators ranked as unimportant—consumer interest to regulations—ranged from 30 percent to as little as 3 percent. Marketers exhibited a more

FIGURE 8
Facilitators: Direct Marketing Problems

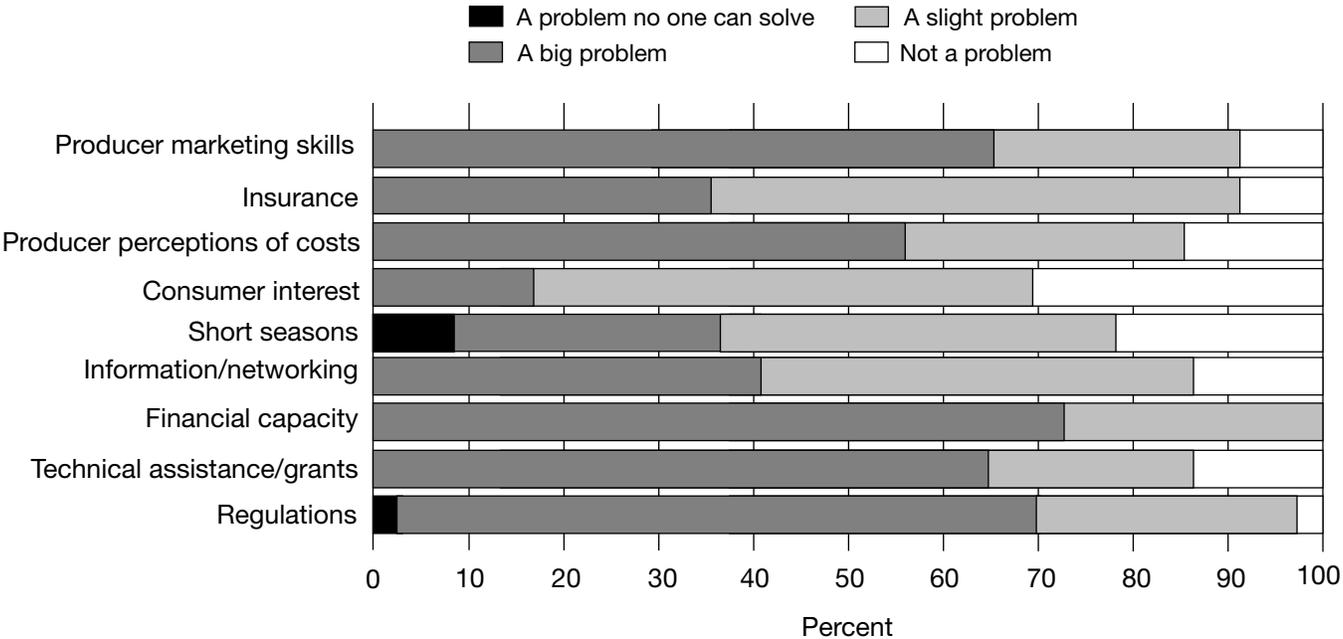
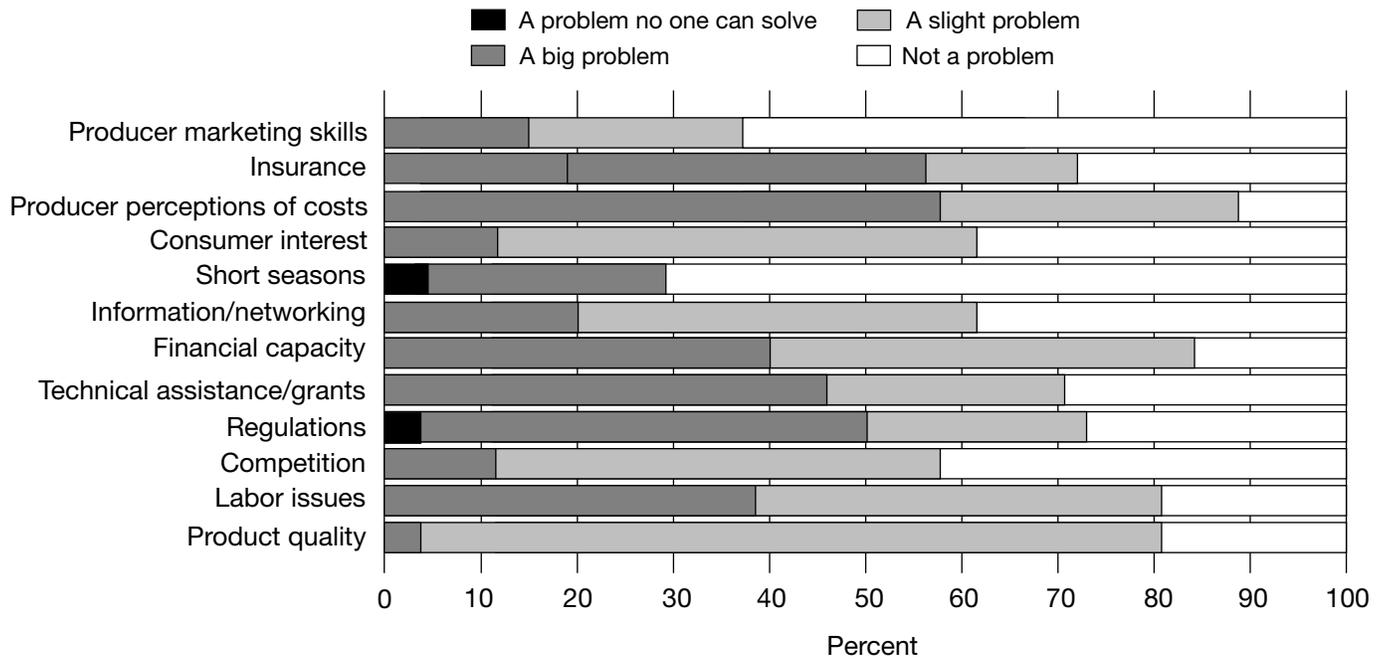


FIGURE 9

Marketers: Direct Marketing Problems



buoyant attitude, and a much larger percentage of all participants assigned issues to the “not a problem” category.

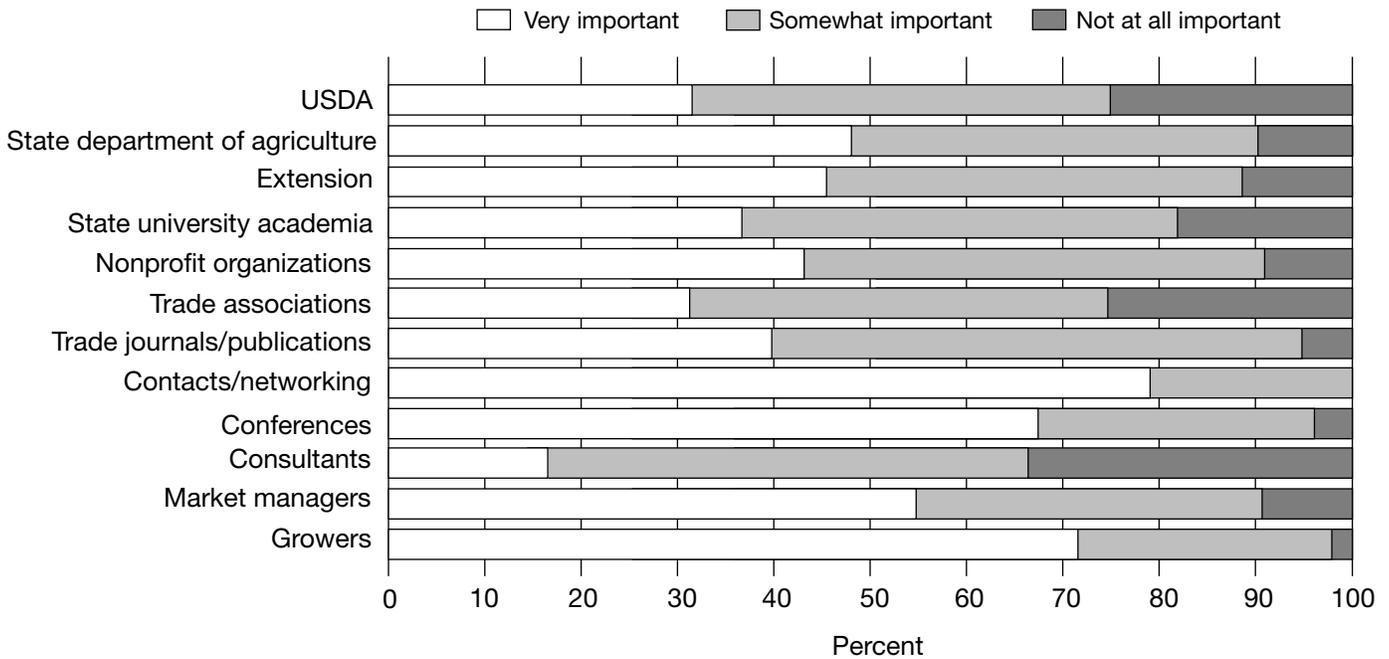
Marketers were asked to consider three additional potential problems: competition, labor, and product quality. Among these issues, labor ranked highest with 80 percent of all marketer participants, indicating that labor concerns represented at least a slight problem for the direct marketing community. However, less than 40 percent rated labor as a major problem. More than 60 percent of all marketers rated the competitive position of direct marketers relative to supermarkets and other food outlets to be at least a slight problem. On the other hand, while 37 percent of marketers considered issues related to product quality to be at least slightly problematic, fewer than 4 percent considered this factor to be a big problem.

Sources of Direct Marketing Information

All focus group participants put a high emphasis on networking and personal contacts as a source of direct marketing information (figure 10). Closely related, more than 70 percent indicated that growers—direct marketers themselves—were a very important information source. As information sources, few important differences emerged among State departments of agriculture, Extension educators, university academics, not-for-profit organizations, and trade associations. The participants assigned slightly more importance to trade journals and other types of publications. About 30 percent of all participants ranked USDA as a very important information source. Only the information category of private consultants ranked lower.

FIGURE 10

All Participants: Importance of Direct Marketing Information Sources



Four focus group meetings held during direct marketing conferences enhanced project operation but probably introduced selection bias because many focus group participants are attuned to and favor conference attendance. In any event, nearly all participants indicated that conference attendance was at least somewhat important as a source of direct marketing information.

Information sources ranked similarly between facilitators and marketers (figures 11 and 12). It might be expected that facilitators would rely more than marketers on USDA as an information source, but focus group data do not support this proposition. In fact, a larger percentage of marketers indicated that USDA was an important information source. However, this response is not specific to USDA-AMS, and marketers may contact several USDA agencies. Discussions at marketer focus group meetings revealed that many farmers use services of the Farm Service Agency; Natural Re-

sources Conservation Service; and Cooperative State Research, Education, and Extension Service. Consultants were used least as an information source, perhaps because fewer of them specialized in this work.

Accessing Direct Market Information

Roughly half of the individuals who attended the five focus groups had recent contact with USDA, and their access methods are measured in figure 13. Some notable contrasts emerged between marketers and facilitators. Given that marketers participating in the focus groups were chosen from conference delegates, more of them indicated they gathered information at conferences and trade shows, compared to facilitators. Facilitators, on the other hand, more often use direct mail and Internet technology (web or e-mail). One in 10 marketers participating in the focus groups had used the USDA-AMS website or had contact with USDA personnel through electronic mail.

FIGURE 11

Marketers: Importance of Direct Marketing Information Sources

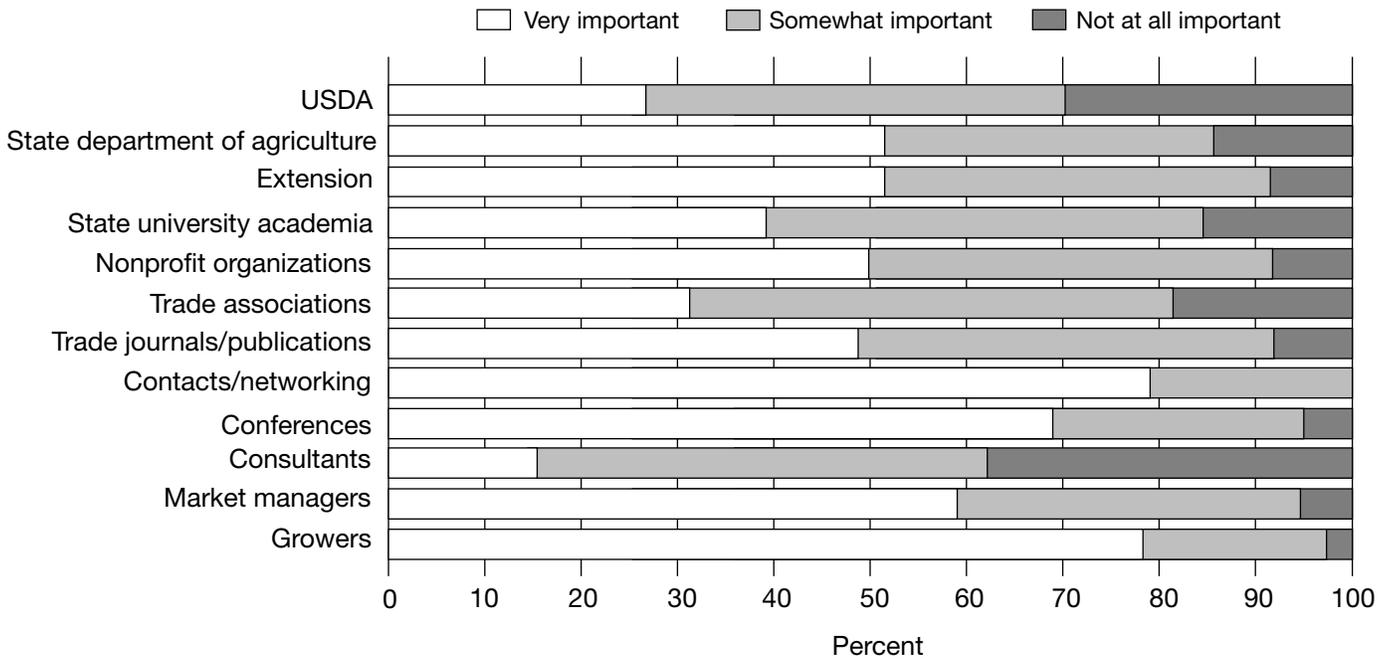


FIGURE 12

Facilitators: Importance of Direct Marketing Information Sources

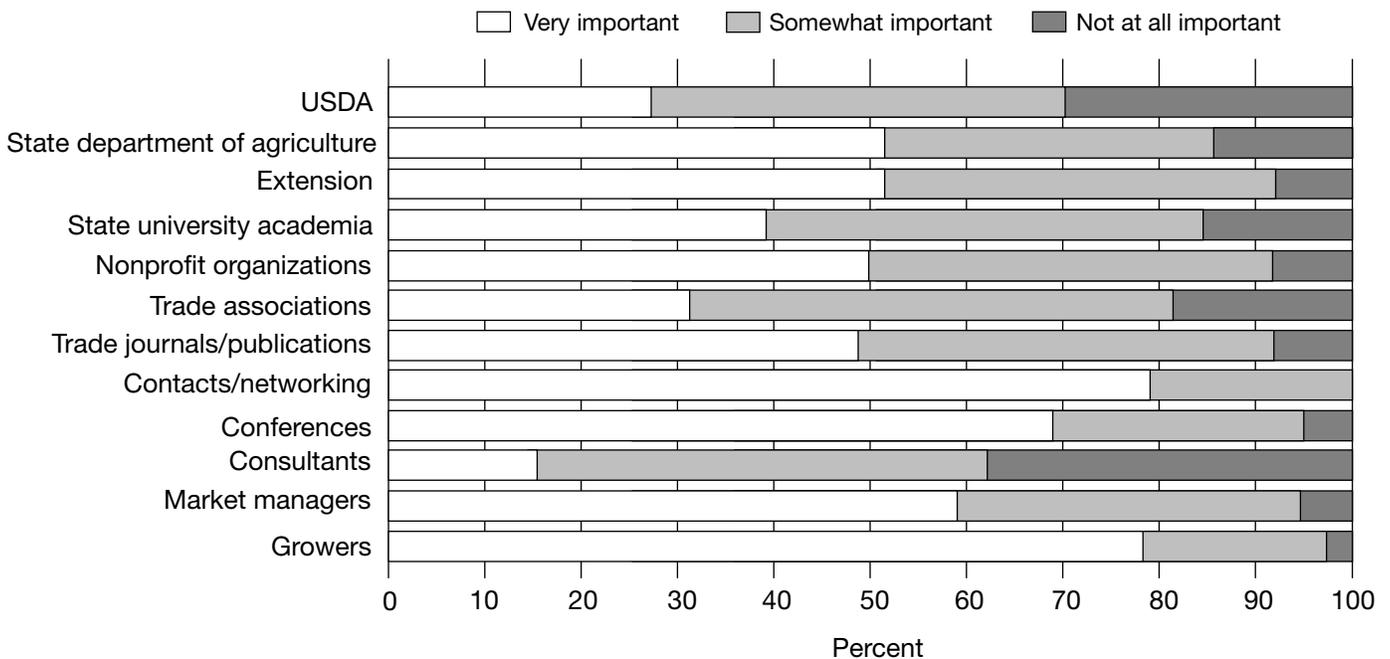
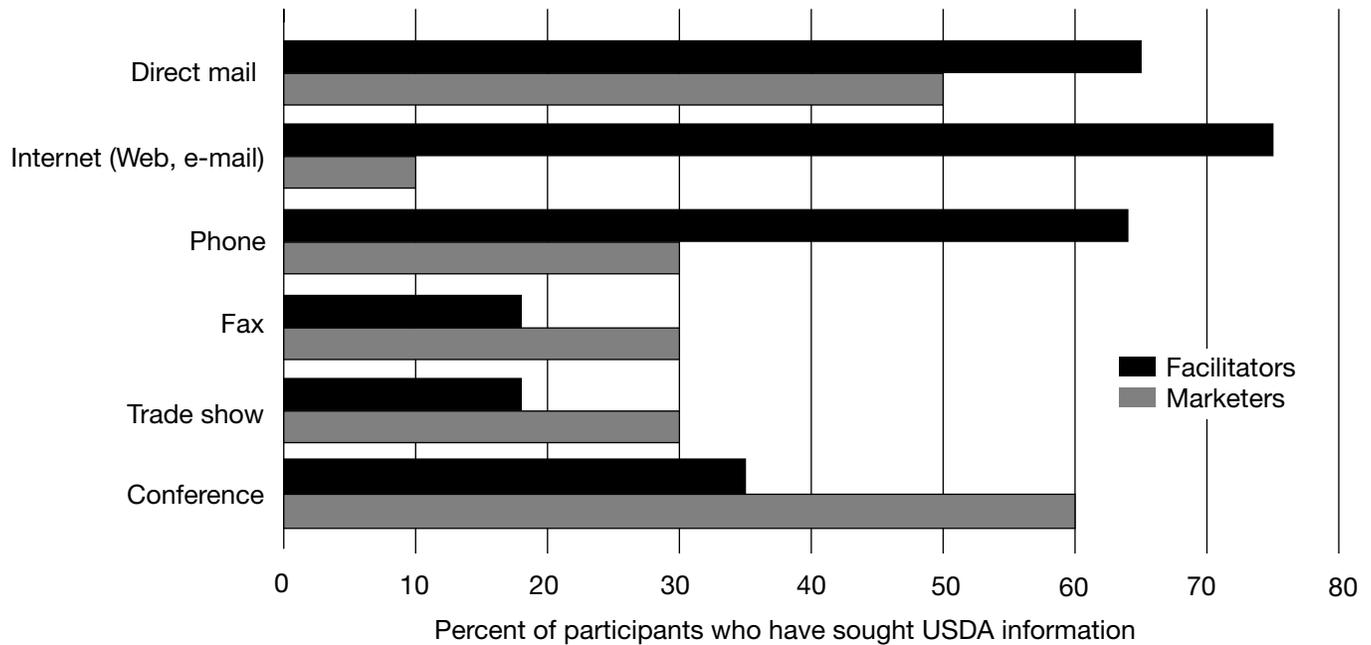


FIGURE 13

Methods Used to Access USDA Information*



*Percentages seeking information were 56% and 41%, respectively, for facilitators and marketers.

Future USDA-AMS Efforts To Affect Direct Marketing Decisions

Finally, participants in the survey judged the value of USDA-AMS involvement in a variety of direct marketing information products (figure 14). Every group tended to support more USDA-AMS involvement. Marketers reported that USDA involvement advancing opportunities for small-scale producers to sell directly to schools and other local institutions was very important (46 percent) (figure 15), while facilitators most emphasized data collection and the conduct of applied research (81 percent) (figure 16). Both groups placed relatively high priority on the development of “how to” information manuals on a variety of direct marketing subjects. However, a higher percentage of facilitators (more than 70 percent) expressed the belief that the development of “how-to” manuals constituted a very important task for USDA involvement, compared to marketers (50 percent). Facilitators seem more committed to the Internet now and view USDA involvement in

Internet marketing and Internet dissemination of information to be very important (52 percent and 65 percent, respectively). On the other hand, although 30 percent of marketers felt that Internet dissemination of information was a very important task for USDA involvement, only 9 percent felt that USDA should support Internet marketing.

Survey responses revealed that marketers were slightly more ambivalent about the need for more USDA-AMS involvement in direct marketing than facilitators (figures 15 and 16). This conclusion was further substantiated in facilitator meetings, where participants encouraged USDA-AMS to collaborate and work in support of local and State efforts and to draw from current experience. On the other hand, marketers at meetings voiced concern about what USDA-AMS intended by assistance. Considering this difference, however, there were no obvious differences in weights assigned to various direct marketing efforts.

FIGURE 14

All Participants: Importance of USDA Involvement

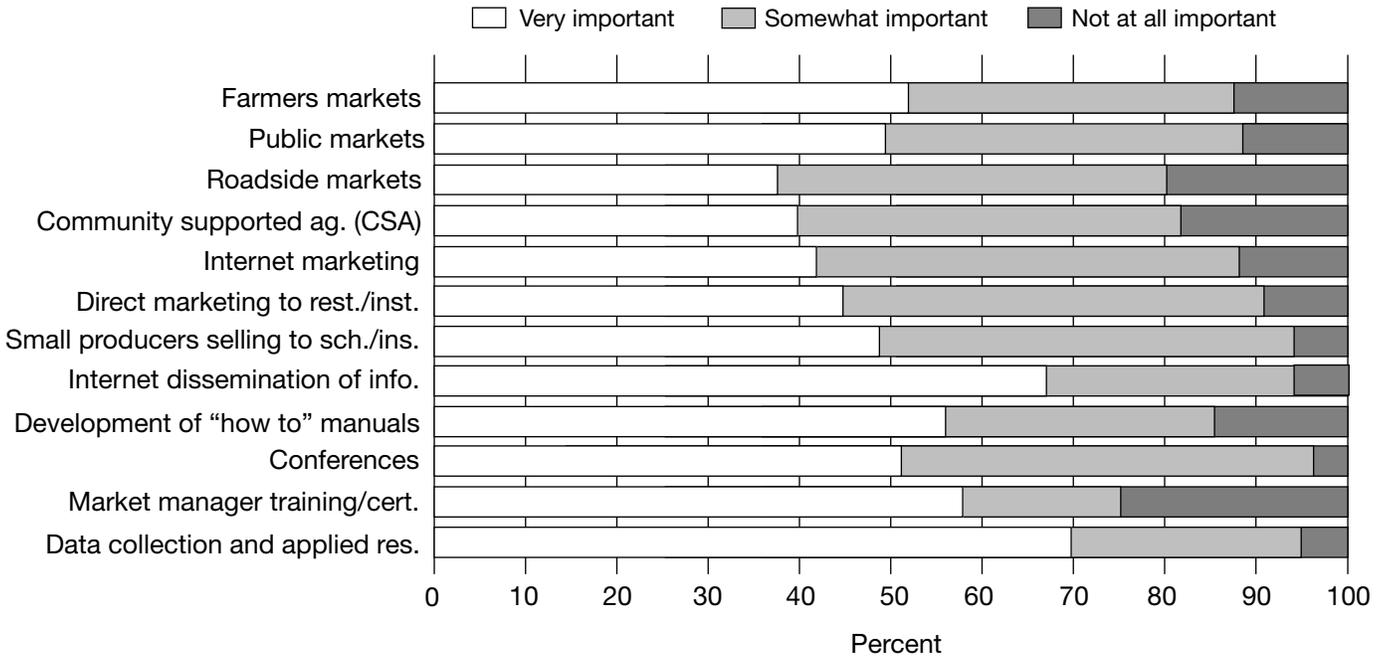


FIGURE 15

Marketers: Importance of USDA Involvement

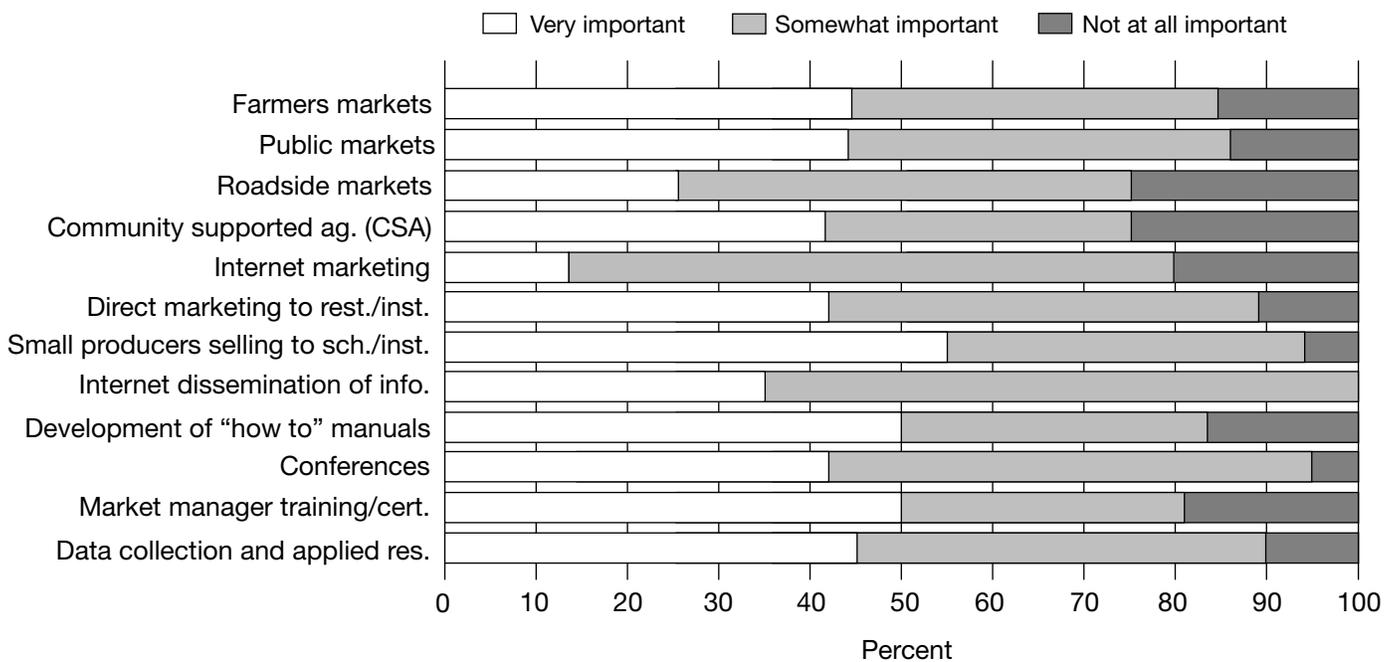
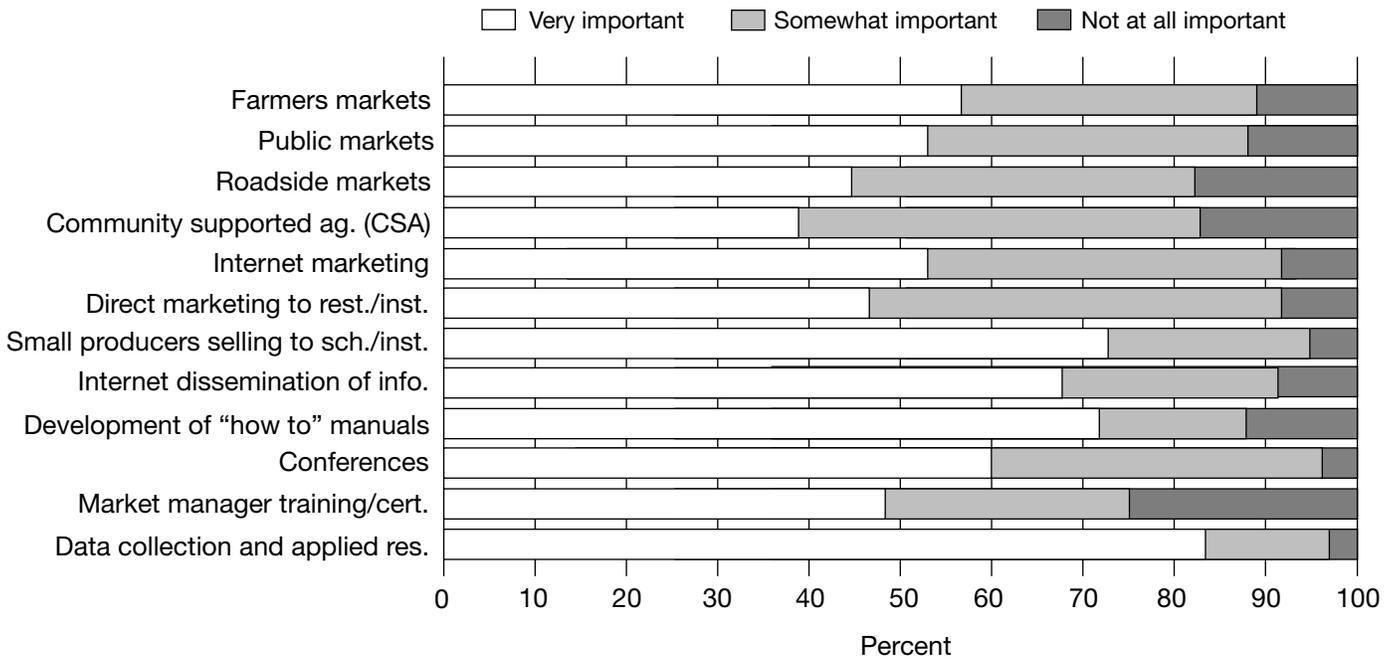


FIGURE 16

Facilitators: Importance of USDA Involvement



Focus Group Meeting Discussion

Challenges and Barriers as Perceived by Marketers

Issues of concern raised by direct farm marketers in the discussion concurred with the pre-focus group survey findings. Major concerns included: labor issues—availability, wages, and regulations; increasing costs—low returns, especially if competing with supermarkets on price; financial capacity related to farm viability and credit access; and regulatory overload, relevance, and compliance issues. Participants identified the lack of technical assistance and grants as barriers, especially those with limited direct marketing experience.

Labor—Marketers mentioned that labor was not a new concern, but that the cost of labor was increasing because of regulations, competition for workers, and the need to offer competitive wage and benefit packages. Larger growers hire migrant labor for field work, and seasonal retail labor generally is a mix of students and local residents. A positive work environment contributing to a positive work force was considered critical to the success of farmer direct marketing. Employee training and benefit packages are a management priority for experienced marketers.

Competition—Survey respondents saw supermarkets as a major external competitor to farm market retailers. Price competition was a more significant concern than competition for product quality. Competition from neighboring farms was of lesser concern. Marketers solved this challenge creatively—through joint promotion to attract more customers to the region or by creating a unique farm identity.

Income and Credit—Generating a livable wage concerns all farmers, including direct marketing farmers. The more experienced marketers reported that sales of farm products are a decreasing percentage of total sales. More sales are generated through “entertainment,” but with more effort required to

generate these dollars. Another income problem results from the seasonal nature of direct marketing. One challenge for direct marketers is to increase income through year-round sales and to encourage repeat sales within a season and from one season to the next. How to attract and retain customers and secure their loyalty is a considerable challenge.

Related to income is the question of financial capacity. Some marketers were frustrated by the cumbersome process of obtaining credit through federally funded loan programs offered by the Farm Service Agency or Small Business Administration. Given that no business plans or profiles are available on direct marketing for lenders to know about these operations, both farm and traditional banking institutions are reluctant to make loans for direct marketing or specialty enterprises.

Regulations and Insurance—Both marketers and facilitators expressed the need for regulations relevant to direct marketing operations. Regulations at all levels of government concerned them, including Federal regulations pertaining to labor, the Occupational Safety and Health Administration, migrant workers, pesticides, and food safety. Marketing regulations for meat and dairy products, mentioned at all focus group meetings, posed limitations for direct marketing. Conformity between Federal and State laws also concerned respondents, and they cited a need for conformity between State and local health enforcement practices and procedures. At a local level, land use regulation and how it affects farming have emerged as an issue. One challenge for farm direct marketers is to be informed on all regulations to ensure compliance. They expressed additional concern about the cost of regulatory compliance, which many were willing to bear if they felt confident that future regulations would not render present efforts obsolete. Obtaining liability insurance concerns marketers less, although they did talk about the need to minimize exposure to risk and protect themselves against claims.

Technical Assistance and Grants—The experienced marketers generally were less concerned about the availability of technical assistance than were less experienced marketers. Technical assistance needs varied between the two groups. Marketers at both Memphis and Grand Rapids needed business information, and they viewed grants as an opportunity but were uncertain about the grants available and how to obtain them.

For less experienced marketers, information needs were basic: how to get started, how and where to sell direct, what the niche market opportunities are, what the potential return is, and where to get help.

The more experienced marketers needed more detailed business decision-making information: performance standards, benchmark information, consumer trends information, facility layout and design details, and streamlined regulations. The experienced marketers also voiced more concern for liability issues, perhaps because of the size of their businesses and because many are involved in entertaining the public at their farms.

Location—The question of location was not identified in the pre-focus group survey but was identified as a challenge in discussions. Marketers located near urban areas were less concerned about attracting customers, but they were concerned about cost of doing business in an urban-influenced area and about stricter land-use controls. Marketers in rural areas were more concerned about how to reach consumers. Lacking transportation for products to urban communities and lacking accessible urban marketing outlets (farmers markets) presented barriers to direct marketing in the southern region. Lacking skills in selling directly to consumers was another barrier the less experienced marketers identified. On the other hand, attracting customers to farms also was considered challenging because consumers with limited resources may not have the means or motivation to visit farms, and creating a destination farm involves much time, expense, and uncertainty.

Challenges and Barriers as Perceived by Facilitators

Facilitators attributed more importance to the following problems: producer marketing skills, technical assistance and grants, financial capacity, income and viability issues, consumer perceptions and demand, and regulations. Although these issues are similar to those rated as big problems by marketers, there were some subtle differences.

Producer Marketing Skills—Facilitators identified the following problems with producer marketing skills: producers lack time for marketing and are inexperienced in interacting directly with consumers, thus the need for technical assistance to improve producer capacity for direct marketing. Although marketers considered producer marketing skills less of a problem than did facilitators, they were concerned about the impression that poorly run farm markets might make on consumers and how this impression affects the image of direct marketing.

Technical Assistance and Grants—Most facilitators expressed the need for technical support and grant funding. Facilitators also recognized the need for more expertise and capacity to address the interests and concerns of farm direct marketers. The lack of good information about farmer direct marketing was a limiting factor in providing assistance to producers. Marketing research receives low support from academia, and data gathered on farmer direct marketing by State and Federal agencies are limited or incomplete. To build a case for direct marketing support, data must demonstrate their significance to academics, policy makers, and potential funders.

Financial Capacity and Income—Many facilitators expressed concern that farmers would see farmer direct marketing as the solution to agriculture's income problems. Facilitators cautioned that costs and returns vary widely among direct market operations. Small entrepreneurial farmers have difficulty obtaining credit because traditional lenders are unfamiliar with direct marketing operations and

their potential returns. The lack of information on costs and returns from farmer direct marketing affects both lending and technical assistance.

Regulations—Concerns facilitators raised were similar to those of marketers. Regulations must be relevant to farmer direct marketing. Of particular concern is the sale of meats, poultry, fish, and dairy products at farm direct outlets. Institutional barriers imposed by regulations also were viewed as limiting direct sales to schools, government, and institutional outlets.

Perspectives on the Future of Direct Marketing

Both facilitators and marketers raised the following issues on the future of farmer direct marketing:

Consumer Perceptions and Demand—Although facilitators and marketers considered consumer interest in local food and farm products to be reasonably strong, both expressed concern about consumer perceptions of direct marketing and about future consumer demand. They mentioned numerous changes in consumer demographics (e.g., aging population, more food consumed away from home, more health consciousness in food selection), but they acknowledged that their net effect on demand for directly marketed products is unclear.

The concern about consumer perceptions of farmer direct marketing arises because of the wide diversity of direct marketing operations, including farmers markets, pick-your-own operations, CSA farms, seasonal farm stands and year-round farm markets, entertainment farms, mail order, Internet trade, and direct sales to restaurants. A common thread is that fewer middle persons are involved in marketing. Facilitators and marketers question whether definitions and standards are needed to eliminate potential consumer confusion and establish a common language and understanding. How far to delve into added entertainment enterprises before negatively affecting image and customer loyalty is also an issue.

Another concern both facilitators and marketers voiced relates to sustaining consumer interest. Although farmer direct marketing currently enjoys good consumer support, it accounts for only a small portion of the consumer's food purchases. Marketers recognize that consumers make food-shopping decisions based on freshness, quality, appearance, and convenience—all attributes that supermarket retailers can offer equally well or better. Retaining customers, an increasing concern, often requires more costly business tactics.

Marketers voiced the need to have better access to information on consumer trends. Facilitators also need this information so they can help producers anticipate changes in consumer shopping habits. Educating consumers and promoting the benefits of supporting local farms were mentioned as ways to heighten consumer awareness about local farms and to increase their customer base.

Future Farmers—As with other sectors of agriculture, marketers have a concern about attracting individuals to the farming profession. While farmer direct marketing is attracting new farmers, marketers also have a concern about the longevity of these operations. Many urban communities provide a receptive customer base, yet farmers market organizers are having difficulty attracting farmers, partly because of the lack of urban-edge farmers and partly because of a lack of economic information to entice producers to sell directly.

Limited technical and financial assistance also is available to help young people start in farmer direct marketing. Established farm marketers have concerns about bringing family members into the operation, supporting several family members in the business, and estate planning.

Other—Other previously discussed concerns likely to continue or intensify in the future include: regulations, especially pertaining to food safety; land availability, land prices, and land use controls;

income relative to increasing costs; supermarket competition; and liability concerns. Marketers also saw government farm and food policies affecting the future of small farmers and farmer direct marketing. They specifically mentioned trade policies, but they did not identify other issues, aside from the perception that government supports a “cheap food policy.”

Information Needs

Views on information needs and support were similar between facilitators and marketers, with a major difference: the intended audience for information. Facilitators seek information that improves their ability to assist direct marketing farmers and that documents the significance of farmer direct marketing to local and State Government, policy makers, and potential funders. Marketers are looking for information that helps them make better business and marketing decisions and that helps increase their income. Each group was interested in data and economic information, regulatory clarification, technical assistance, support for promotional efforts, consumer trends information, assistance with educating the public about agriculture (specifically about the benefits of local agriculture), and in examples of successful direct marketing methods. They also expressed a desire for easier access to information. Details on information needs are provided below.

Marketing Methods—An understanding of direct marketing channels most interested less experienced direct marketers. This group was interested particularly in “how to” information about selling in various direct channels. Basic needs cited include: how to get started, what to grow, what markets to target, finding and attracting customers, costs and potential returns. The less experienced marketer group also was interested in information on cooperatives and ways to create alliances between farmer and consumer groups. This group viewed churches as a source of building community support for small farmers. The marketers also desired information on

the unique demands of each direct market channel. How to sell directly to government agencies and schools was a specific interest.

Facilitators echoed the need for information on marketing methods and channel requirements. This information could come packaged in many forms (fact sheet, checklist, curriculum, etc.) and would enable facilitators to do a better job of assisting marketers with business and marketing decisions. Facilitators also could more actively help producers reach markets if they understood channel requirements better.

Business Decision-Making Tools—Specific needs mentioned include information on: costs and returns associated with various crops or enterprises, performance standards that allow marketers to compare their operations with a standard for similar operations and that relate performance to a common measure (e.g., cost per square foot), potential returns associated with various marketing channels and methods, feasibility of various diversification opportunities, and rules of thumb. In addition to economic information, estate-planning information also was of interest.

Facilitators also expressed an interest in business performance standards to improve their ability to provide technical assistance to marketers. Marketers, especially those more experienced, are interested in keeping track of the direction of their businesses. Economic information also would benefit marketers seeking sources of credit because lenders are unfamiliar with potential costs and returns of direct marketing.

Another need related directly to business decision making is price information. Wholesale prices and prices paid at direct farm outlets vary widely. Producers engaged in farmer direct marketing use a combination of tactics to set prices that some feel are too low because wholesale and supermarket retailers often serve as the basis for the price setting.

Industry Data—In addition to farm-level economic data, facilitators are interested in more data on the scope and size of direct marketing as a sector of agriculture. They need documentation to garner support for direct marketing programs from all levels of government, community economic leaders, and consumers. They specifically need: the size and scope of direct marketing (nationally and by State); the multiplier effect of direct marketing; and the indirect benefits of local agriculture that accrue to farmers, communities, and consumers. This information would help facilitators build the case for more farmer direct marketing support.

Consumer Trend Information and Data—Information on consumer trends is critical because it affects future activities in farmer direct marketing. Marketers need the information to adjust to changing consumer trends, and facilitators need it to provide marketers with a picture of what is ahead and to help them adjust. Both groups feel that this information already exists, but it simply must be relevant and accessible to farmer direct marketing audiences.

Technical Assistance—Technical assistance needs range from a very basic level of who can help and how to transition from wholesale into farmer direct marketing, to studies that assess the feasibility of niche products or diversification strategies. Economic information and industry data provide the basis for technical assistance. Information to facilitate technical assistance might include State directories of direct market service providers, a State-by-State inventory or case studies of successful marketing strategies, packaged courses or “how to” manuals, a compilation of the best direct marketing practices, etc.

In addition to information and data, effective technical assistance will require the help of specialists in the field. A delivery system for information exists through USDA Extension and other USDA agencies

and State departments of agriculture. A critical need is to find the most effective means to reach marketers who need the information. Conferences and workshops are effective but reach a limited segment of the audience. Direct marketing associations are another conduit of information to members but do not exist in every State. Where they do, their membership is generally small. Access to quality assistance and credible information is a key need.

Consumer Education and Promotion—Focus group participants said the importance of educating the public about the sources of food and the benefits of supporting local farms and other promotional efforts directed at increasing consumer purchases from local farms were seen as important needs. Producers and facilitators expressed the belief that this education is not solely the role of government, but that government could help clarify misinformation about the food supply and help educate consumers about farming and the benefits of supporting local farms. This education would benefit not only farm direct marketers but all other agricultural producers as well. Resource materials about the food supply, farming’s benefits, nutrition, food safety, etc., could teach youth in schools and during farm visits and inform adult consumers.

Regulatory Clarification—A clear consensus developed among focus group participants on the need for regulatory clarification and streamlining. Farm direct marketers cope with regulations from many directions: farm-level regulations, such as pesticide use and water quality protection; retailing regulations; local zoning; food safety and health regulations if food is served at markets; labor regulations; etc. Marketers are concerned that many regulations are not relevant to their enterprises. Moreover, changing regulations and new requirements are often poorly communicated or impractical to implement on a small scale. They suggested practices to comply with regulations to address regulatory confusion.

Implications for USDA-AMS Programs

The information needs identified by focus groups present program opportunities for USDA-AMS and other USDA agencies. Although participants agreed on the need for information, they, especially marketers, voiced caution about “government” involvement in direct marketing. Facilitators also voiced hope that government will not duplicate what the private sector or State agencies are doing, but that it will become a partner in enabling and enhancing direct marketing efforts. In particular, facilitators were interested in having USDA-AMS stimulate new initiatives through grants and involve direct marketing experts outside of USDA in achieving direct marketing program goals. Facilitators specifically were hopeful about having such USDA agencies as the Farm Service Agency, with no prior history in direct marketing, redirect programs to include direct marketing. To address the concerns and information needs of the direct marketing community, facilitators stated that USDA-AMS must consider how it will deliver information and what it is best suited to deliver and support.

Approaches to Enhanced Involvement of USDA-AMS in Direct Marketing

Focus group participants commented on how USDA-AMS should approach an enhanced role in farmer direct marketing.

Collaboration—A commonly expressed view was that USDA-AMS should collaborate with others in direct marketing. USDA-AMS also could exercise influence on State departments of agriculture, sister USDA agencies, and other departments of government to become more involved in direct marketing. Focus group participants saw USDA-AMS as having a key role in encouraging collaboration between public and private organizations and in coordinating regular regional networking among such groups as those who were assembled for focus group meetings. By promoting regional networking, programmatic information, and experiences, USDA-AMS could better use resources targeted at direct marketing.

Balanced Approach—Another recommendation was that USDA-AMS work to support all types of direct marketing—farmers markets, on-farm marketing, CSA farms, agricultural tourism, food service sales, etc. Focus groups also expressed concern that the needs of direct marketing should be balanced with other agricultural marketing needs so as not to create unrealistic expectations about farmer direct marketing opportunities.

Using Existing Expertise—An additional recommendation for USDA-AMS is to use available expertise in direct marketing throughout the country in various agencies when sponsoring conferences, workshops, and training; in conducting research; and in producing publications and other products.

Possible Programmatic Responses to Identified Needs

The needs the focus groups identified provide many opportunities for USDA-AMS to respond.

Clearinghouse—One role for USDA-AMS is to coordinate the gathering and dissemination of information and data. Information should be reviewed for quality of content. Information on consumer trends was a common interest. This role is being addressed by USDA-AMS through its direct marketing website.

Grants—The participants considered grant funds to support marketing initiatives to be important and necessary. They expressed the opinion that USDA should encourage and fund innovative direct marketing initiatives through the Federal-State Marketing Improvement Program or other departmental resources. Participants pointed to reauthorization of funds under the 1976 Direct Marketing Act as one way to increase funds for direct marketing.

Broader Government Agency Support—Beyond funding, USDA-AMS could leverage support from sister USDA agencies and other government depart-

ments. Specific agencies and departments to approach for direct marketing support include: USDA's Rural Development, Farm Service Agency, Forest Service, Food and Nutrition Service, Extension-Small Farm or Sustainable Agriculture Research and Education programs; the Small Business Administration; and the Departments of Education, Labor, and Housing and Urban Development. A common channel should communicate efforts on behalf of other agencies or departments to improve the distribution of information and access to programs. Participants considered access to government programs by small farmers and direct marketers a problem, and voiced specific concerns over the lending practices of the Farm Service Agency and access to disaster payments. They also expressed the belief that USDA-AMS could influence State and local government programs to support direct marketing.

Regulatory Relevance—Direct marketers need cross-department or -agency efforts to ensure that regulations are relevant. Departments and agencies to consult include: Labor, the Environmental Protection Agency, Health and Human Services, Food and Nutrition Service, Food Safety and Inspection Service, and others, as appropriate. To ensure that regulations are relevant, departments should provide “best direct marketing management guidelines” that the regulators could adopt and marketers could follow.

Regulatory Compliance—USDA-AMS could provide information to help direct marketers remain abreast of changing regulations. A regulatory checklist or compliance manual would help.

Key Contacts and Information Dissemination—In each State, marketers should identify key direct marketing contacts in State departments of agriculture, Extension, and groups outside government engaged in promoting direct marketing. These contacts could disseminate information.

Association Development and Support—Another means to disseminate information, State-level farmer direct marketing associations or networks exist in some States but should be encouraged in all States. A strong national trade association, similar to the Produce Marketing Association that tracks consumer trends, could provide data on the size of the industry and research performance standards for farmer direct marketing. The North American Farmers' Direct Marketing Association eventually might play this role.

Research and Data Collection—By setting research priorities and defining a template for research or case studies, marketers could collect comparable results that they could use to build a national database of information on direct marketing while recognizing regional differences and opportunities. Many focus group participants said this collection was important because data currently available on direct marketing are viewed as both inaccurate and incomplete. Accurate data are also needed to gain more support for direct marketing from government and other sources.

Consumer and Market Research—Concerns about the future of direct marketing could ease by providing marketers with information on consumer trends and emerging niche market opportunities. Marketers need information to make informed decisions in response to changing marketing conditions. Most producers do not have the capacity to do research, which could be a valuable role for USDA-AMS. Indeed, many Federal-State Marketing Improvement Program grants already support projects that assess the feasibility of niche marketing opportunities.

Strengthening Producer and Consumer Linkages—Marketers identified stronger linkages between producers and consumers as a way to expand direct marketing. As an example, this approach might link rural farmers and urban consumers through CSA-type arrangements or have groups

such as churches sponsor farmers markets or otherwise support a group of small farmers. An inventory of innovative ways to link producers and consumers could promote other such efforts.

Access to Quality Wholesale Produce—As farmer direct marketing businesses have grown, farmers are spending less time growing and more time marketing. This trend necessitates that they purchase produce locally or through regional wholesale markets. USDA-AMS could facilitate networks between local growers and farm marketers. Marketers also expressed concern about the quality of produce available through wholesale terminal markets. USDA-AMS has a historical role of working with wholesale terminal markets and could investigate issues related to product quality at terminal markets. As an alternative, auction markets in Pennsylvania are an increasingly common source of produce purchases by farm marketers. USDA could investigate methods of linking farm marketers with local growers.

Expanding Market Channels—Several farm marketers and facilitators indicated an interest in selling to schools or government institutions, but the internal agency purchasing practices and government regulations present barriers. USDA-AMS could investigate the nature of these barriers and identify ways to overcome them so those local growers could sell directly to institutions. Manuals on how to sell to schools or the government interested focus group participants.

Promotion—Focus group participants suggested that USDA-AMS become a partner in supporting promotional efforts organized by States and market-

ing associations. They expressed the opinion that USDA should promote U.S. agriculture in general and that providing resource materials to educate youth and consumers about farming and the food system was an appropriate role. They saw a national promotional campaign that educates consumers about the benefits of supporting local farmers as a way to increase demand for farmer-direct-marketed products.

How-To Information—Less experienced marketers were eager to obtain information on a variety of direct marketing subjects, such as information on getting started, potential costs and returns, and new opportunities and marketing methods such as pick-your-own operations, CSA, farm markets, agricultural tourism, entertainment farming, and selling at farmers markets. They considered case studies, successful models, and best marketing methods to be instructive. Of particular interest was the potential for Internet marketing of farm products. In addition to written information, they saw workshops, tours, videos, and conferences as valuable means of communicating information and sharing new ideas.

Performance Standards—Many businesses have performance standards they use to measure progress. Because direct marketing is so diverse, it may be difficult to develop standard measures. Marketers asked for some common measures such as advertising or labor costs as a percentage of sales, sales per square foot, inventory turnover, etc. They could gather this information through a network of university specialists who would collect and compile comparable data for their region into a national summary of performance standards for direct marketing.

Perfect World Summary

A capstone activity in each focus group was eliciting information needs in an otherwise frictionless “perfect world.” At the conclusion of each focus group meeting, participants were asked to share their views of the most critical needs to address. Specific suggestions, in the words of focus group participants, were recorded on-screen and verified for accuracy by the person contributing the comment. “Perfect world” responses are listed in tables 1 and 2. Tables 3 and 4 summarize discussions and list potential responses to issues raised in discussions.

The specific suggestions will help USDA-AMS to support direct marketing. Suggestions must be compatible with the mission of USDA-AMS, considering whether the suggestion is an appropriate function of a Federal agency, State agency, or private organization; what could be accomplished with available resources; and which suggestions would produce the most benefits.

An overriding theme was education for both producers and consumers. With this dual emphasis, producers’ skills and consumer interest were considered less problematic in pre-focus group survey responses. At the end of focus group meetings, however, both marketers and facilitators suggested directing more information resources toward tracking consumer

trends and educating consumers about the farm and food system. Supply-side information needs that were expressed ranged in scope from technical information on food safety and regulations to information on new or emerging products adaptable to direct sale.

Direct Marketing Outlook

Focus group participants offered generally positive outlooks for direct marketing. They saw strategies that strengthen linkages between farmers and consumers as a way to increase demand and direct marketing sales. Linkages that are developing and are likely to result in expanded opportunities include: private-public partnerships, tourism connections, urban-rural links, farmer-restaurant and food service sales, farmer-school and government links, joint promotion of farm and food products, and more support for farmers through a better consumer and community understanding of agriculture’s contributions. USDA-AMS, further developing its direct marketing action plan, has the opportunity to promote linkages that improve access to markets for small farmers and to achieve its mission of facilitating efficient, dependable, and equitable marketing of agricultural products.

Table 1. Marketers: Facilitating Direct Marketing in a “Perfect World”

<i>Grand Rapids</i>	<i>Memphis</i>
<ul style="list-style-type: none"> • Network and sharing of marketing ideas, including the web. • Periodicals and publications? • Gathering and ensuring accessibility of information—consumers, growing, enterprise data, new varieties. • Education for the consumer: local farms and benefits of communities' farm base. • Promotion efforts, especially farm tours: a “how-to” guide would help. • Good information on food safety and more perspective or context for the risks one may assume when consuming food. • More advocacy for farming and food products. • The perfect website: links to people who can speak on regulations; lighting and displays; marketing and creating scarcity; entertainment worlds (but this is against the grain because farmers are independent and do not want to be put in boxes). • Education: farmers are a tough audience, resistant to abrupt change, though 90 percent of the information they need is the same; what is left are the information niches for the other 10 percent. • Intergenerational transfer of the farm business. • Industry standards: labor, advertising, parking and facilities layout; profit margins. • Anticipate trends. 	<ul style="list-style-type: none"> • There needs to be program information ... dissemination of information to people who need it—e.g., market information and complementary info, public service announcements, etc. • Need more local farmers markets—within reasonable distance from producers. • Tie-in with local restaurants, supermarkets, etc. • Product identification—need for training, learning for younger generation nationwide. • Facilitate the flow of information; e.g., directed to the school system. A clearinghouse or centralized information system. • Continue to provide trained specialists—role model • Consumer education focus—mixed message with encouraging imports while encouraging farmers to be productive. Can't compete with cheap imports. Funds into and info on direct marketing for both consumers and farmers. • Cooperatives for enabling delivery of produce to community. • Streamline the process farmers need to satisfy to get anything done. Cut back on red tape. • Technical assistance. “Armchair” administration—no sense about the reality of the situation on the farm level. Funding with quicker turn around really helpful. Regulations—changing the rules too often. County-level administration in terms of regulations. • Get the word out to people so they know you're there. “America has the safest food in the world.” Quell the fears. Be a part of the media in enabling a positive environment. • Local USDA and Extension—is there a way they can help market products? We can grow them; where do we sell? Specific product marketing knowledge is needed. • Limited information on organics from USDA. Extension does not seem to want to work with farmers in relation to organics. Educate Extension. • Directory of producers. Organic farming production of crops. Cooperative organization needed to get recognition for farmers. • More information integration with application systems that are user-friendly. Seminars on grant writing. Info on availability of grants. Eligibility standards of submissions. • USDA recruitment of young people for county agent jobs.

Table 2. Facilitators: Facilitating Direct Marketing in a “Perfect World”

<i>Sturbridge</i>	<i>Grand Rapids</i>	<i>Memphis</i>
<ul style="list-style-type: none"> • 1,000 interns assembling information—all USDA funded. • Facilitate networking. • Market meat and milk as easily as vegetables and fruit. • Farmers make money and sustain the business and family. • No farmland loss. • Adequate data. • Bridge the big farm-small farm gulf; promote diversity. • Community-supported agriculture. • USDA continues the dialogue on these issues. • USDA comes up with a more viable farm system. • Cities recognize importance of farmers markets vs. other infrastructure. • USDA is the cash cow for direct marketing efforts. • Process for moving the business from production to direct marketing. • Farmers overcome their fear of cooperation. • Facilitating private and public health, including nutrition issues. • Nutrition education—what food is and where it comes from. • Funding: a balanced support of local marketing vs. export marketing. • USDA, farmers, nongovernmental organizations act like a big family. 	<ul style="list-style-type: none"> • Make farming an attractive occupation. • Identify and describe 25 new products with cost and return information. • Sources of information on a range of products, especially new and emerging products. • Convene group to ID research and capacity building networks and rewards for regional collaboration. • More emphasis and clarity on research projects related to direct marketing; streamline the application process; recover more information from the grants process. • Reorient effort to technical assistance and demo projects. • Get USDA out of the "running farmer's market business"; direct marketing is building local capacity. • Increased info on value-added products and marketing channels. • Continue assembly of existing materials and build in the direct marketing piece. • Demand information: market capacity; size of market (get the whole picture on the business plan and its feasibility). • Integrate across agencies and derive some regulatory "best management practices" for direct marketing. • Model incubator facilities • Access to capital and grants for business development; think about the continuum and entry points for USDA vs. States. • Inventory "who is doing what" in direct marketing. • If there is money, they will come. 	<ul style="list-style-type: none"> • Resources—training to meet consumer demands; support Cooperative Extension and work on finding people interested in direct marketing. • Make available information that's simple, useful, and easily understandable. • Farmers market that will make both consumers and farmers eager to “come-look-see.” • Nutritional information that educates in a better way. Also on the level that is pragmatic; e.g., school system. • A lifeline between small farmers and city people; e.g., inner city. Support to start markets with built-in incentives. • Market startup, organization, revolving funds, seed money. • Direct marketing positions shared by State organizations and associations, internships, universities, State depts. of ag and farmers. Volunteer recruitment included in this design. • Fewer people learning to cook. Consumer education. • Quality control for better and universal standards. • Price and volume reporting for more crops and locations. • Marketing concepts and information for small producers. • No farmers will apply for food stamps. • Training: make available and identify information on marketing opportunity—what's selling where? • Available consultants who know the marketplace and conduct training—include incentive training that's market specific (diversification, etc.). • Information sources available to facilitators and consumers that is useful “at the moment” data-based information. “How-to” on market research. Tie in to Small Business Administration; training on entrepreneurship. • Education and information more accessible in layman's terms. Starter kits. Publish success stories.

Table 3. Summary Challenges, Information Needs, and Potential Responses*

<i>Challenges, Information Needs</i>	<i>Potential Responses</i>
Producer marketing skills	<ul style="list-style-type: none"> • Programs that help producers become better marketers • Better outreach to all marketers • Tools for evaluating markets, recommendations for improvements • Tools for improved marketing (successful models, etc.) • Tours, conferences, workshop, training
Labor: availability, cost, regulations	<ul style="list-style-type: none"> • Employee and management training • Cost-effective benefits and incentives packages • Streamlined regulations, easier to comply
Increasing income	<ul style="list-style-type: none"> • Prices that generate a livable wage • Alternative products and activities to increase sales • Agri-entertainment and tourism activities • Year-round selling strategies • Value-added product and service strategies • Efforts to attract/retain customers
Finance: ease of obtaining credit	<ul style="list-style-type: none"> • Less cumbersome process for obtaining government loans • Business profiles that offer evidence of performance potential • Information and training for lenders • Targeted loan program for direct marketing enterprises
Regulations: at all levels	<ul style="list-style-type: none"> • Relevant regulations • Regulatory checklist • Best management practices for meeting regulatory requirements • Remaining informed about and complying with regulatory changes • Uniform enforcement between agencies and levels of government • Identifying solutions to regulatory impediments and marketing barriers
Location issues	<ul style="list-style-type: none"> • How to attract customers to rural locations • How to access consumers in urban centers • Estimating trade and sales potential • Matching operation type to location and customer base • Land costs and controls
Competition (price, customers): Internal and external	<ul style="list-style-type: none"> • Maintaining high product quality, service, experience • Emphasizing unique farm attributes • Joint promotion efforts • Consumer education
Technical assistance	<ul style="list-style-type: none"> • Producer selling skills • Facilities: design, layout, features, operations • Business information: costs and returns • How to get started • Business decision-making tools • Tools for assessing business performance • Access to knowledgeable experts (in Extension, ag departments, organizations) • Who to call for help • Training for facilitators • Meeting regulatory requirements and ensuring food safety

Table 3. Summary Challenges, Information Needs, and Potential Responses* (concluded)

<i>Challenges, Information Needs</i>	<i>Potential Responses</i>
Anticipating consumer trends	<ul style="list-style-type: none"> • Information on demographic trends, shopping habits • Understanding consumer perceptions (surveys) • Identifying niche consumer markets
Future farmers	<ul style="list-style-type: none"> • Attracting new farmers to direct marketing • Introduction to market gardening courses • Information about business potential and success stories • Business planning assistance • Estate planning assistance
Grants and funding	<ul style="list-style-type: none"> • How to write a grant • What grants are available • Grants addressing marketing concerns • Grants for innovative demonstration projects
Research	<ul style="list-style-type: none"> • Data on industry size, scope, multiplier effect • Business-level economic information • Costs and returns by market channel • Consumer trends information • Feasibility studies: new products, new markets, diversification, etc. • Business performance studies, industry standards • Case studies • Market channel requirements • Regulatory and institutional barriers
Consumer education	<ul style="list-style-type: none"> • Benefits of local purchases and supporting local farms • Helping reduce confusion over food safety • Promotional strategies—effective ways of reaching consumers • Ag education programs for use in various settings including at farms
Government farm and food policies	<ul style="list-style-type: none"> • Support for direct marketing opportunities • Ease of getting loans • Trade policy impacts • Balancing direct marketing with other ag marketing needs
<p>*Based on participant input and translated into an action that might address challenge or need.</p>	

Table 4. Implications for USDA-AMS Programs Summary

<i>Potential USDA-AMS Role</i>	<i>Alternative Strategies for Implementation</i>
Collaboration	<ul style="list-style-type: none"> • Work with sister USDA agencies, State depts. of agriculture, State/county Extension services, nongovernmental organizations, and industry associations. • Forge public-private networks. • Coordinate regional working groups. • Facilitate information exchange.
Balanced approach	<ul style="list-style-type: none"> • Work in support of all types of direct marketing methods. • Balance direct marketing needs with other ag marketing needs. • Avoid creating unrealistic expectations for direct marketing.
Use existing expertise	<ul style="list-style-type: none"> • Draw upon experts when sponsoring conferences and workshops, offering training, conducting research, producing publications, etc. • Build upon expertise and increase capacity to address needs.
Clearinghouse	<ul style="list-style-type: none"> • Gather and disseminate information through appropriate networks (State ag depts, Extension, associations, organizations) • Assure quality of content. • Monitor website use and measure multiplier effect. • Identify best means of getting information to targeted audiences.
Grants	<ul style="list-style-type: none"> • Support innovation through grant opportunities. • Continue Federal-State Marketing Improvement Program funding. • Seek reauthorization of funds via 1976 Direct Marketing Act. • Establish grant program priorities via RFP announcements.
Enlist government agency support	<ul style="list-style-type: none"> • Leverage support from sister USDA agencies and other government departments. • Coordinate communication and outreach regarding the availability of program support via clearinghouse or network. • Inform State and local governments about direct marketing opportunities. • Address barriers imposed by department or agency regulations.
Regulatory relevance	<ul style="list-style-type: none"> • Conduct cross-department or agency efforts to ensure consistency. • Review regulations for their relevance to direct marketing. • Interpret regulations for direct marketers so they can be made relevant. • Suggest best management practices for regulatory compliance. • Ensure State and Federal regulatory conformity. • Suggest relevant regulations for State and local regulators. • Enact meat marketing regulations that permit direct marketing.
Regulatory compliance	<ul style="list-style-type: none"> • Help direct marketers remain informed about changing regulations. • Publish a regulatory checklist and compliance manual.
Key contacts	<ul style="list-style-type: none"> • Identify key contacts in each State for information dissemination. • Publish a contact directory. • Support regular networking opportunities to enhance State level efforts.
Association development and support	<ul style="list-style-type: none"> • Encourage State-level farmer direct marketing associations. • Support a strong national association. • Use associations as a key means to disseminate information.

Table 4. Implications for USDA-AMS Programs Summary (concluded)

<i>Potential USDA-AMS Role</i>	<i>Alternative Strategies for Implementation</i>
Research and data collection	<ul style="list-style-type: none"> • Establish research priorities based on challenges, needs (table 3). • Define a template for collecting comparable data that contribute to a national database. • Collect data that describes the scope and size of direct marketing at a national and State level. • Collect producer-level data and economic information. • Gather pricing information, setting a realistic price.
Consumer and market research	<ul style="list-style-type: none"> • Information on consumer trends. • Information about emerging niche opportunities.
Strengthening producer and consumer linkages	<ul style="list-style-type: none"> • Encourage (via grants or other means of support) innovative arrangements that link producers and consumers (restaurant-farmer networks, church-farmer networks, etc.). • Inventory and publish existing innovative arrangements.
Accessing quality wholesale products	<ul style="list-style-type: none"> • Link local farm markets to local farms for wholesale sales. • Encourage alternative arrangements, such as auctions or cooperatives, as a means of improving access to local farm products.
Expand market channels	<ul style="list-style-type: none"> • Identify practices and procedures for selling directly to schools or government institutions. • Work to eliminate barriers for local sales.
Promotion	<ul style="list-style-type: none"> • Become a partner in supporting promotional efforts by States and marketing associations. • Create consumer awareness of the benefits of supporting local farms.
How-to information	<ul style="list-style-type: none"> • Basic-level information on getting started, marketing methods. • Strategies for transitioning to direct marketing. • Business plans. • Business decision-making information, costs, and returns. • New opportunities, ideas. • Case studies, success stories, models, best marketing methods. • Requirements for selling to restaurants, institutions, schools, ethnic groups, etc. • Pricing strategies. • Published price information.
Performance standards	<ul style="list-style-type: none"> • Identify common measures to help assess business performance benchmark information, rules of thumb. • Provide expected costs and returns by market channel.

APPENDIXES

Appendix 1. Focus Group Participants

Sturbridge Facilitators

States and organizations of participants:

Connecticut

1. Connecticut Cooperative Extension
2. Connecticut Department of Agriculture
3. Hartford Food System

Delaware

4. University of Delaware – Cooperative Extension

Maine

5. Maine Department of Agriculture
6. Maine-Cumberland County Extension

Maryland

7. Maryland Department of Agriculture

Massachusetts

8. American Farmland Trust
9. Massachusetts Department of Food and Agriculture
10. Massachusetts Association of Roadside Stands
11. Northeast Organic Farming Association/Massachusetts
12. North American Farmers’ Direct Marketing Association

New Jersey

13. New Jersey Department of Agriculture

New York

14. Dutchess County Cooperative Extension
15. New York State Department of Agriculture & Markets

Pennsylvania

16. Pennsylvania Department of Agriculture
17. Pennsylvania State Cooperative Extension

Rhode Island

18. Rhode Island Department of Agriculture

Vermont

19. Vermont Department of Agriculture, Food & Markets

Grand Rapids Facilitators

States and organizations of participants:

Kentucky

1. Commodity Growers Cooperative Association

Illinois

2. Wauconda Orchards

Missouri

3. Missouri Department of Agriculture

Wisconsin

4. School of Agriculture
University of Wisconsin-Platteville

Minnesota

5. Minnesota Department of Agriculture

Iowa

6. Drake University Law School

West Virginia

7. West Virginia Department of Agriculture

Michigan

8. Michigan Apple Committee

Idaho

9. University of Idaho Cooperative Extension

Okalabama

10. The Kerr Center, Inc.

Grand Rapids Marketers

States and cities of participants:

Iowa

1. Fort Dodge

Ohio

2. West Jefferson

Illinois

3. Belleville
4. Poplar Grove

Colorado

5. Boulder

Arizona

6. Wilcox

Oklahoma

7. Porter

Missouri

8. Waverly

Oregon

9. Aurora

Nebraska

10. Gretna

Memphis Facilitators

States and organizations of participants:

Alabama

1. Federation of Southern Cooperatives
2. Tuskegee University

Arkansas

3. Appropriate Technology Transfer for Rural Areas - ATTRA
4. Sustainable Agriculture Working Group
5. Heifer Project International

Louisiana

6. Economics Institute

Mississippi

7. Alcorn State University

South Carolina

8. Seeds of Hope Farmers Market

Tennessee

9. Tennessee Alternative Growers Association

Texas

10. Texas Department of Agriculture

Memphis Marketers

States and cities of participants:

Alabama

1. Marbury
2. Midway

Georgia

3. Ellijay

Louisiana

4. New Orleans
5. Washington
6. New Orleans

Mississippi

8. Smithdale
9. Petal
10. Tylertow

Missouri

11. Rockville
12. Hermitage
13. Osceola

Tennessee

14. Millington
15. Stanton

Appendix 2. Focus Group Materials

Contents

	<i>Page</i>
Participant Brochure—Facilitators	2-2
Participant Brochure—Marketers	2-4
Pre-Focus Group Questionnaire—Facilitators	2-6
Pre-Focus Group Questionnaire—Marketers	2-8
Post-Focus Group Questionnaire—Facilitators	2-10
Post-Focus Group Questionnaire—Marketers	2-12
Follow-up Survey—Facilitators	2-14
Follow-up Survey—Marketers	2-16

Participant Brochure

Facilitators

Why are we here?

We would like you to help us....

- * understand how producers view direct marketing activities
- * determine to what extent information is a challenge in facilitating direct marketing of agricultural products
- * explore and understand how producers who want to use direct marketing channels find and use information
- * understand how information affects the decision to sell into direct markets
- * identify any crucial information gaps
- * brainstorm about useful information products
- * explore steps that USDA can take to enhance direct marketing
- * determine recurring problems faced by producers who rely on direct marketing channels

Why are we using focus groups?

We are using focus groups because...

- * it's a way to explore specific issues
- * we can choose participants who can give us a more accurate picture of the potential users of information services
- * it's an especially useful tool for brainstorming

What happens next?

The results of our discussions will be used in...

- * a report of findings
- * policy discussions at USDA
- * planning additional information programs
- * longer term outcomes

What's on for today?

8:00-8:30 a.m.

Arrival

- * Morning refreshments

8:30-9:00 a.m.

Introductions and Orientation

- * Members of the focus group team and their roles
- * Purpose of focus group
- * USDA-Agricultural Marketing Service and direct marketing

9:30-10:00 a.m.

How would you describe your role as a facilitator of direct marketing?

- * What role do you play in promoting/facilitating direct marketing?
- * Which direct marketing method(s) are you primarily involved with?
- * What innovative techniques/strategies have you initiated to expand existing programs or the startup of new ones?
- * Please share a success story from your experiences working with direct marketers.

10:00-10:15 a.m.
Break

10:15-11:00 a.m.
What are the challenges/constraints you face as facilitators of direct marketing?

- ✿ What are the major issues or problems you encounter when working with direct marketing?
- ✿ Which direct marketing channels are growing or shrinking?
- ✿ Where is direct marketing headed in the next 5 years?
- ✿ What do you consider as your *most important* current and future challenge(s) as a facilitator of direct marketing?

11:00-11:30 a.m.
How do you face the challenges in direct marketing?

- ✿ What are the possible solutions to the challenges you face?
- ✿ What information needs accompany these solutions?
- ✿ Where are the information gaps?

11:30-12:15 p.m.
Lunch

12:15-12:30 p.m.
Summary of morning session
Discussion of the Pre-Focus Group Survey Results

12:30-1:15 p.m.
In a perfect world ...

- ✿ What information and assistance are important to you?
- ✿ How would you like to get this information (print, electronic, other)?
- ✿ How can USDA better facilitate direct marketing?

1:15-1:30 p.m.
Post-Focus Group Questionnaire
Wrap-up

1:30-2:00 p.m.
Demonstration of USDA Web Page

HAVE A SAFE TRIP HOME

Please note that focus group results *cannot* be used to draw conclusions that can be generalized to all individuals involved in facilitating direct marketing. All individual information collected in this focus group will be kept strictly confidential. All reports from this activity will be presented in aggregate form.

Participant Brochure

Marketers

Why are we here?

We would like you to help us....

- * understand how producers view direct marketing activities
- * determine to what extent information is a challenge in facilitating direct marketing of agricultural products
- * explore and understand how producers who want to use direct marketing channels find and use information
- * understand how information affects the decision to sell into direct markets
- * identify any crucial information gaps
- * brainstorm about useful information products
- * explore steps that USDA can take to enhance direct marketing
- * determine recurring problems faced by producers who rely on direct marketing channels

Why are we using focus groups?

We are using focus groups because...

- * it's a way to explore specific issues
- * we can choose participants who can give us a more accurate picture of the potential users of information services
- * it's an especially useful tool for brainstorming

What happens next?

The results of our discussions will be used in...

- * a report of findings
- * policy discussions at USDA
- * planning additional information programs
- * longer term outcomes

What's on for today?

8:00-8:30 a.m.

Arrival

- * Morning refreshments

8:30-9:00 a.m.

Introductions and Orientation

- * Members of the focus group team and their roles
- * Purpose of focus group
- * USDA-Agricultural Marketing Service and direct marketing

9:30-10:00 a.m.

How would you describe your role as a facilitator of direct marketing?

- * Which direct marketing method(s) are you primarily involved with?
- * What innovative techniques/strategies have you initiated to expand existing programs or the startup of new ones?
- * Please share a success story from your experiences working with direct marketers.

10:00-10:15 a.m.

Break

10:15-11:00 a.m.

What are the challenges or constraints you face as facilitators of direct marketing?

- ✿ What are the major issues or problems you encounter when working with direct marketing?
- ✿ Which direct marketing channels are growing or shrinking?
- ✿ Where is direct marketing headed in the next 5 years?
- ✿ What do you consider as your *most important* current and future challenge(s) as a direct marketer?

11:00-11:30 a.m.

How do you face the challenges in direct marketing?

- ✿ What are the possible solutions to the challenges you face?
- ✿ What information needs accompany these solutions?
- ✿ Where are the information gaps?

11:30-12:15 p.m.

Lunch

12:15-12:30 p.m.

Summary of morning session

Discussion of the Pre-Focus Group Survey Results

12:30-1:15 p.m.

In a perfect world ...

- ✿ What information and assistance are important to you?
- ✿ How would you like to get this information (print, electronic, other)?
- ✿ How can USDA better facilitate direct marketing?

1:15-1:30 p.m.

Post-Focus Group Questionnaire

Wrap-up

1:30-2:00 p.m.

Demonstration of USDA Web Page

HAVE A SAFE TRIP HOME

Please note that focus group results *cannot* be used to draw conclusions that can be generalized to all direct marketers.

All individual information collected in this focus group will be kept strictly confidential. All reports from this activity will be presented in aggregate form.

Pre-Focus Group Questionnaire

Facilitators

1. You are... *(Please circle ALL that apply.)*

- | | |
|---|--|
| <p>1 State Department of Agriculture</p> <p>2 Extension Educator</p> <p>3 Academic</p> | <p>4 Market Manager</p> <p>5 Producer</p> <p>6 Other <i>(Please specify.)</i></p> |
|---|--|

2. In your opinion, to what extent are the following factors a problem for you in your work with direct marketers? *(Please circle ONE response for each factor.)*

	A problem no one can solve	A big problem	A slight problem	Not a problem	No Opinion
a. Producer marketing skills -----	1	2	3	4	0
b. Insurance -----	1	2	3	4	0
c. Perceptions of costs and returns -----	1	2	3	4	0
d. Consumer interest -----	1	2	3	4	0
e. Short seasons -----	1	2	3	4	0
f. Information and networking -----	1	2	3	4	0
g. Financial capacity -----	1	2	3	4	0
h. Technical assistance/grants -----	1	2	3	4	0
i. Regulations -----	1	2	3	4	0
j. Other <i>(Please specify.)</i> _____	1	2	3	4	0

3. How could USDA play a more proactive role in providing assistance and/or developing and distributing information for the areas you have identified as a **“A big problem”** in your work as a direct marketing facilitator (Question 2 above)?

4. Have you sought and/or received any USDA direct marketing related information or assistance in the past 2 years? *(Please circle ONE response for each column.)*

Sought information		Received information	
1 Yes	2 No	1 Yes	2 No

5. What type of information or assistance? *(Please circle ALL that apply.)*

- | | |
|---|--|
| <p>1 Technical</p> <p>2 Marketing</p> | <p>3 Funding</p> <p>4 Other <i>(Please specify.)</i></p> |
|---|--|

6. In general, how would you describe the quality of information you received from USDA? *(Please circle ONE response.)*

1 Excellent 2 Good 3 Fair 4 Poor

7. How did you get this USDA information? *(Please circle ALL that apply.)*

1 Direct mail 3 Phone 5 Trade show 7 Other *(Please specify.)*
 2 Internet (Web, e-mail) 4 FAX 6 Conference

8. Please indicate how important each of the following are as sources of direct marketing information. *(Please circle ONE number per source.)*

	Very Important	Somewhat Important	Not at all Important	No opinion
a. USDA -----	1	2	3	0
b. State department of agriculture -----	1	2	3	0
c. Extension -----	1	2	3	0
d. State university academia -----	1	2	3	0
e. Nonprofit organization -----	1	2	3	0
f. Trade associations -----	1	2	3	0
g. Trade journals and publications -----	1	2	3	0
h. Contacts and networking -----	1	2	3	0
i. Conferences -----	1	2	3	0
j. Consultants -----	1	2	3	0
k. Market managers -----	1	2	3	0
l. Growers -----	1	2	3	0
m. Other <i>(Please specify.)</i> _____	1	2	3	0

9. How important is it that USDA become more involved in...

	Very Important	Somewhat Important	Not at all Important	No opinion
a. Farmers markets -----	1	2	3	0
b. Public markets -----	1	2	3	0
c. Roadside markets -----	1	2	3	0
d. CSA's (community-supported agriculture) -----	1	2	3	0
e. Internet marketing -----	1	2	3	0
f. Direct marketing to restaurants and institutions -----	1	2	3	0
g. Small producers selling to schools and govt. institutions -----	1	2	3	0
h. Internet dissemination of information -----	1	2	3	0
i. Development of "how-to" manuals -----	1	2	3	0
<i>On what subjects? (Please specify.)</i> _____	1	2	3	0
_____	1	2	3	0
j. Conferences -----	1	2	3	0
k. Market manager training and certification -----	1	2	3	0
l. Data collection and applied research -----	1	2	3	0
m. Other <i>(Please specify.)</i> _____	1	2	3	0

Pre-Focus Group Questionnaire

Marketers

1. Your direct marketing operation includes...*(Please circle ALL that apply.)*

Products <i>(Please circle the products which are raised on the farm)</i>	Market Channels <i>(Please circle the channels you use for your products)</i>
1 Orchard	1 Pick-your-own operations
2 Berry crops	2 Farm market
3 Vegetables	3 Greenhouse
4 Pumpkins	4 Garden center
5 Greenhouse crops	5 Farmer's market
6 Christmas trees	6 Festivals
7 Livestock products	7 Ag tourism
8 Other farm products <i>(Please specify.)</i>	8 Wholesale
	9 Other <i>(Please specify)</i>

2. In your opinion, to what extent are the following factors a problem for your direct marketing business? *(Please circle ONE response for each factor.)*

	<i>A problem no one can solve</i>	<i>A big problem</i>	<i>A slight problem</i>	<i>Not a problem</i>	<i>No opinion</i>
a. Producer marketing skills ----- 1	2	3	4	0	
b. Insurance ----- 1	2	3	4	0	
c. Perceptions of costs and returns ----- 1	2	3	4	0	
d. Consumer interest ----- 1	2	3	4	0	
e. Short seasons ----- 1	2	3	4	0	
f. Information and networking ----- 1	2	3	4	0	
g. Financial capacity ----- 1	2	3	4	0	
h. Technical assistance and grants -- 1	2	3	4	0	
i. Regulations ----- 1	2	3	4	0	
j. Competition ----- 1	2	3	4	0	
k. Labor issues ----- 1	2	3	4	0	
l. Product quality ----- 1	2	3	4	0	
m. Other <i>(Please specify.)</i> _____ 1	2	3	4	0	

3. How could USDA play a more proactive role in providing assistance and/or developing or distributing information for the areas you have identified as a "a big problem" in your work as a direct marketing facilitator (Question 2 above)?

4. Have you sought and/or received any USDA direct marketing related information or assistance in the past 2 years? (Please circle ONE response for each column.)

Sought information		Received information	
1 Yes	2 No	1 Yes	2 No

5. What type of information or assistance? (Please circle ALL that apply.)

1 Technical	3 Funding
2 Marketing	4 Other (Please specify.)

6. In general, how would you describe the quality of information you received from USDA? (Please circle ONE response.)

1 Excellent 2 Good 3 Fair 4 Poor

7. How did you get this USDA information? (Please circle ALL that apply.)

1 Direct mail	3 Phone	5 Trade show	7 Other (Please specify.)
2 Internet (Web, e-mail)	4 Fax	6 Conference	

8. Please indicate how important each of the following are as sources of direct marketing information. (Please circle ONE number per source.)

	<u>Very Important</u>	<u>Somewhat Important</u>	<u>Not at all Important</u>	<u>No opinion</u>
a. USDA -----	1	2	3	0
b. State department of agriculture -----	1	2	3	0
c. Extension -----	1	2	3	0
d. State university academia -----	1	2	3	0
e. Nonprofit organization -----	1	2	3	0
f. Trade associations -----	1	2	3	0
g. Trade journals and publications -----	1	2	3	0
h. Contacts and networking -----	1	2	3	0
i. Conferences -----	1	2	3	0
j. Consultants -----	1	2	3	0
k. Market managers -----	1	2	3	0
l. Growers -----	1	2	3	0
m. Other (Please specify.) -----	1	2	3	0

9. How important is USDA becoming more involved in

	<u>Very Important</u>	<u>Somewhat Important</u>	<u>Not at all Important</u>	<u>No opinion</u>
a. Farmers markets -----	1	2	3	0
b. Public markets -----	1	2	3	0
c. Roadside markets -----	1	2	3	0
d. CSA's (community-supported agriculture) -----	1	2	3	0
e. Internet marketing -----	1	2	3	0
f. Direct marketing to restaurants and institutions -----	1	2	3	0
g. Small producers selling to schools and government institutions -----	1	2	3	0
h. Internet dissemination of information -----	1	2	3	0
i. Development of "how-to" manuals -----	1	2	3	0
j. Conferences -----	1	2	3	0
k. Market manager training and certification -----	1	2	3	0
l. Data collection and applied research -----	1	2	3	0
m. Other (Please specify.) -----	1	2	3	0

Post-Focus Group Questionnaire

Facilitators

1. Based on our discussion today, how would you compare the problems and challenges associated with direct marketing in your State to those of others in your region?

2. Reflecting on your response to Question 1 above, how would you *now* describe the extent to which the following factors are a problem for direct marketing in your region? (Please circle ONE response for each factor.)

	<i>A problem no one can solve</i>	<i>A big problem</i>	<i>A slight problem</i>	<i>Not a problem</i>	<i>No opinion</i>
a. Producer marketing skills -----	1	2	3	4	0
b. Insurance -----	1	2	3	4	0
c. Producer perceptions of costs and returns -----	1	2	3	4	0
d. Consumer interest -----	1	2	3	4	0
e. Short seasons -----	1	2	3	4	0
f. Information and networking -----	1	2	3	4	0
g. Financial capacity -----	1	2	3	4	0
h. Technical assistance or grants -----	1	2	3	4	0
i. Regulations -----	1	2	3	4	0
j. Competition -----	1	2	3	4	0
k. Labor issues -----	1	2	3	4	0
l. Product quality -----	1	2	3	4	0
m. Other (Please specify.) _____	1	2	3	4	0

3. Based on what you've heard from the group today, please indicate how important each of the following are as sources of direct marketing information for direct marketing facilitators in your region. (Please circle ONE number per source.)

	<i>Very Important</i>	<i>Somewhat Important</i>	<i>Not at all Important</i>	<i>No opinion</i>
a. USDA -----	1	2	3	0
b. State department of agriculture -----	1	2	3	0
c. Extension -----	1	2	3	0
d. State university academia -----	1	2	3	0
e. Nonprofit organizations -----	1	2	3	0
f. Trade associations -----	1	2	3	0

g.	Trade journals/publications -----	1	2	3	0
h.	Contacts and networking -----	1	2	3	0
i.	Conferences -----	1	2	3	0
j.	Consultants -----	1	2	3	0
k.	Market managers -----	1	2	3	0
l.	Growers -----	1	2	3	0
m.	Other (<i>Please specify</i>)				
	_____	1	2	3	0

4. Still thinking about your region, how important is it that the Agricultural Marketing Service of USDA become more involved in...

		<i>Very Important</i>	<i>Somewhat Important</i>	<i>Not at all Important</i>	<i>No opinion</i>
a.	Farmers markets -----	1	2	3	0
b.	Public markets -----	1	2	3	0
c.	Roadside markets -----	1	2	3	0
d.	CSA's (community-supported agriculture) -----	1	2	3	0
e.	Internet marketing -----	1	2	3	0
f.	Direct marketing to restaurants and institutions -----	1	2	3	0
g.	Small producers selling to schools and government institutions -----	1	2	3	0
h.	Internet dissemination of Information -----	1	2	3	0
i.	Development of "how-to" manuals -----	1	2	3	0
	<i>On what subjects? (Please specify.)</i>				
j.	Conferences -----	1	2	3	0
k.	Market manager training and certification -----	1	2	3	0
l.	Data collection and applied research -----	1	2	3	0
m.	Other (<i>Please specify</i>)				
	_____	1	2	3	0

Post-Focus Group Questionnaire

Marketers

1. Based on our discussion today, how would you compare the problems and challenges associated with direct marketing in your State to those of others in your region?

2. Reflecting on your response to Question 1 above, how would you *now* describe the extent to which the following factors are a problem for direct marketing businesses in your region? (Please circle ONE response for each factor.)

	<i>A problem no one can solve</i>	<i>A big problem</i>	<i>A slight problem</i>	<i>Not a problem</i>	<i>No opinion</i>
a. Marketing skills -----	1	2	3	4	0
b. Insurance -----	1	2	3	4	0
c. Expected costs and returns -----	1	2	3	4	0
d. Consumer interest -----	1	2	3	4	0
e. Short seasons -----	1	2	3	4	0
f. Information and networking -----	1	2	3	4	0
g. Financial capacity -----	1	2	3	4	0
h. Technical assistance and grants ---	1	2	3	4	0
i. Regulations -----	1	2	3	4	0
j. Competition -----	1	2	3	4	0
k. Labor issues -----	1	2	3	4	0
l. Product quality -----	1	2	3	4	0
m. Other (Please specify.) _____	1	2	3	4	0

3. Based on what you've heard from the group today, please indicate how important each of the following are as sources of direct marketing information for direct marketing businesses in your region. (Please circle ONE number per source.)

	<i>Very Important</i>	<i>Somewhat Important</i>	<i>Not at all Important</i>	<i>No opinion</i>
a. USDA -----	1	2	3	0
b. State Department of Agriculture -----	1	2	3	0
c. Extension -----	1	2	3	0
d. State university academia -----	1	2	3	0
e. Nonprofit organizations -----	1	2	3	0
f. Trade associations -----	1	2	3	0
g. Trade journals and publications -----	1	2	3	0

h.	Contacts and networking -----	1	2	3	0
i.	Conferences -----	1	2	3	0
j.	Consultants -----	1	2	3	0
k.	Market managers -----	1	2	3	0
l.	Growers -----	1	2	3	0
m.	Other (<i>Please specify</i>) _____	1	2	3	0

4. Still thinking about your region, how important is it that the Agricultural Marketing Service of USDA become more involved in...

		<i>Very Important</i>	<i>Somewhat Important</i>	<i>Not at all Important</i>	<i>No opinion</i>
a.	Farmers markets -----	1	2	3	0
b.	Public markets -----	1	2	3	0
c.	Roadside Markets -----	1	2	3	0
d.	CSA's (community-supported agriculture) -----	1	2	3	0
e.	Internet marketing -----	1	2	3	0
f.	Direct marketing to restaurants and institutions -----	1	2	3	0
g.	Small producers selling to schools and government institutions -----	1	2	3	0
h.	Internet dissemination of information -----	1	2	3	0
i.	Development of "how-to" manuals -----	1	2	3	0
	<i>On what subjects? (Please specify)</i> _____	1	2	3	0
	_____	1	2	3	0
j.	Conferences	1	2	3	0
k.	Market manager training and certification	1	2	3	0
l.	Data collection and applied research	1	2	3	0
m.	Other (<i>Please specify</i>) _____	1	2	3	0

Followup Survey

Facilitators

1. Years of experience working with direct marketers. _____ **Years**
2. What areas of direct marketing are you currently working in? *(Please circle ONE number for each area.)*

	<i>No, I am not currently active here</i>	<i>Active and a major focus</i>	<i>Active but a minor focus</i>
a. Farmers markets	1	2	3
b. Roadside stands	1	2	3
c. Pick-your-own	1	2	3
d. CSA's subscription farms	1	2	3
e. Connecting farmers with restaurants, specialty food stores, institutions	1	2	3
f. Organic foods	1	2	3
g. Specialty crops	1	2	3
h. Value added processing	1	2	3
i. Ag tourism; farm trails	1	2	3
j. Livestock marketing	1	2	3
k. Specialty marketing	1	2	3
l. Cooperatives	1	2	3
m. Direct marketing associations	1	2	3
n. International market development	1	2	3
o. Other <i>(Please specify.)</i> _____	1	2	3

3. Describe the kind of support or services related to direct marketing that your organization or agency provides. *(Please circle ONE number for each support or service.)*

	<i>No, this is not currently provided</i>	<i>Provided and a major focus</i>	<i>Provided but a minor focus</i>
a. Newsletters	1	2	3
b. Publications and fact sheets	1	2	3
c. Conferences and workshops	1	2	3
d. Tours	1	2	3
e. Case studies and research projects	1	2	3
f. Surveys and data gathering and assembly	1	2	3
g. Promotion	1	2	3
h. Training	1	2	3
i. Consultation	1	2	3
j. Electronic services (e.g., e-mail, listserve, websites, etc.)	1	2	3
k. Resource materials	1	2	3
l. Market development	1	2	3
m. Other <i>(Please specify.)</i> _____	1	2	3

4. In which of these support or service activities does your organization or agency have the greatest need for outside assistance?

5. Which of the following best describes your agency's current ability to respond to requests for assistance and information on direct marketing issues? *(Please circle ONE response.)*

- 1 EXCELLENT, *almost all* requests are met using agency resources
- 2 GOOD, *at least half* of all requests are met using agency resources
- 3 FAIR, *less than half* are met by agency resources or referrals to other agencies
- 4 POOR, *neither* agency resources or knowledge of other referral agencies *can meet* requests
- 5 None of the above describes our ability to respond. *(Please elaborate.)*

6. How, if at all, have these requests changed in the last 3 years?

7. How would you assess the situation and outlook for direct marketing in your State over the next 5 years?

Followup Survey

Marketers

1. Years of experience in direct marketing. _____ **years**

3. What were your **gross** sales for your business in the 1998 calendar year?
(Please circle ONE response.)

1 Under \$50,000 2 \$50,000-\$99,999	3 \$100,000-\$500,000 4 Over \$500,000
---	---

4. What percent of your 1998 gross sales came from the direct marketing of products and services? (Please circle ONE response.)

1 Under 10% 2 10%-25% 3 26%-50%	4 51%-75% 5 More than 75%
--	--

5. Describe the kind of support/services you believe are useful to direct marketers.
(Please circle ONE number for each support or service.)

Very Useful	Somewhat Useful	Not Useful	
a. Newsletters	1	2	3
b. Publications and fact sheets	1	2	3
c. Conferences and workshops	1	2	3
d. Tours	1	2	3
e. Case studies and research projects	1	2	3
f. Surveys and data gathering and assembly	1	2	3
g. Promotion	1	2	3
h. Training	1	2	3
i. Consultation	1	2	3
j. Electronic services (e.g., e-mail, listserve, websites, etc.)	1	2	3
k. Resource materials	1	2	3
l. Market development	1	2	3
m. Other (Please specify.)	1	2	3

6. In which of these support or service activities do you have the most need for outside assistance?

7. How would you assess the situation and outlook for direct marketing in your State over the next 5 years?
