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Getting Control of Your Pricing

On-farm Marketing Controls – part two

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On-Farm Marketing Controls

2 – Controlling People Movement & Light

I'd like to group 2 topics under the title "People Movement". One deals with the movement of people into and out of a market, (entrance and exit), while the other area deals with the movement of people inside the market, (customer traffic flow). They are both more critical than many marketers realize. Studies show that up to 60% of purchases at on-farm markets are impulse, so the more products the consumer walks by, the more likely you are to make a sale. That means the way you design your market's layout, will influence customer traffic flow, which will influence the size of each customer's purchase.

Thumb Rule 2 of Marketing:

The easiest way (not the only way) to increase gross sales is to increase your "Average Sale per Customer". What that means is, if your average customer spends \$10 now at your market or at your farmers' market stall, if you could increase that average sale to \$12, you will have increased your annual gross sales by 20% without attracting 1 more customer. That can have an amazing impact on your bottom line.

By focusing on increasing your "Average Sale per Customer": (1) you have not had to spend any more money on advertising to attract more customers, (2) you haven't had to hire more staff to cover that increase in customers from increased advertising, nor (3) did you have to expand your product line (more cost, more inventory to manage). But your increase in sales means, all your expenses can now be divided over your higher gross sales, meaning that your overall profit should be higher.

Entrance & Exit

We talked in the 1st article about having the parking off to the side of the market. One reason for that is to allow you to have outside displays, at the front of your market, which will help attract the people driving by. It is preferable that those outside displays be under a roof or canopy to protect them from

the sun and rain. They should also be surrounded by an attractive 3' high fence, possibly a white rail fence. This means the consumer can see the attractive outside display area, but they cannot access that display without 1st going inside the market. It is quite common for marketers to put their biggest draw item(s) outside at the front of their market, as a method of attracting the customer's attention. The same is true at a farmers' market. If it is strawberry season, you want your strawberries to be front and centre because you rightly believe they will attract the customer's attention and bring them to your stall.

With an on-farm market, you can surround that display area with an attractive fence to allow them to see inside, but not access the display. The main reason is, if the customer were allowed to walk directly into that outside display, many would pick that 1 item that drew their attention, pay for it and leave, without ever seeing any of the other products on display inside the market.

On the other hand, if the customer could see those outside displays, yet could only access them by coming inside the market first, then they would have to walk through at least some of the market, where they would see many of the other products you have on display, as they are walking toward that outside canopied area. If you have done a good job on your inside displays, (realizing that about 60% of sales are impulse), you should be able to increase that Average Sale per Customer. Having a fence around any outside displays also prevents people exiting through the front of the market without having paid for their purchases. We will deal with that in a later article.

Inside Traffic Flow

This leads us to the inside of the on-farm market. If you think about your last trip to the grocery store, you may remember that most grocery retailers strategically place high demand items near the back of the store. For example it would be unusual to find bread or milk up near the front of the grocery store where it would be convenient for the customer who is just popping in for milk and bread on their way home from work. In most stores bread and milk are in opposite corners of the store, usually toward the back. Their hope is, on your trip to the milk and bread displays, you will pass by something that will grab your attention and before you know it, the grocery store has increased their Average Sale per Customer.

Some retailers also lay out their retail space to encourage one-way traffic. Several retailers are particularly good at this concept. One is Stew Leonard's, a small chain of fairly large food outlets on the east coast around New York City. Another is IKEA, the Swedish home furnishing Company. One-way traffic has some important advantages. It can steer the customer by more displays, hopefully increasing the Average Sale per Customer. It also allows for more orderly movement of traffic, because they are all traveling in the same direction. This will result in less congestion. The one-way system also brings everyone to the checkout counter which is at the end of their trip through the store, making it easier for the retailer to know that everyone exiting their store has paid before they leave. If someone is going against traffic, they stand out and staff can watch to see that are not leaving the store without paying. On-farm markets, and farmers' markets can design traffic flow in a similar fashion, but because we are smaller, it is less obvious to the consumer.

Traffic can also be directed to where you want them to go by the size of the aisle. Customers are more likely to take wide aisles than narrow ones. Therefore, if you have a main aisle that is wider (possibly 8' wide), you can have narrower aisles (3'-4' wide), that are short cuts, so staff have quicker access to the checkout, or to get to the back room to restock a display. Yes, some customers will take

those short cuts, but the majority will follow the wider aisles to the checkout. Lay out those wide aisles to take your customers by most, if not all of your displays and deposit them at your checkout.

If you do have a larger retail area and you choose to have a number of aisles, it is recommended that you have even numbers of aisles, so that customers can visit all the aisles and end up back at the entrance where the checkout is also located.

The other method of directing traffic is to place high demand items in key locations within the market to help draw people through more of your retail displays. Lighting can also help direct their attention, and we will get to that in another section.

Checkout

It is important that your checkout is the last thing in the market before they exit. You do not want to have any displays past the checkout for several reasons: (1) those items are more vulnerable to theft, (2) customers have already checked out. If they were to see something that they liked after having gone through the checkout, it would require them to go through the checkout again, which is a waste or both their time and yours.

It's also important that the checkout be oriented so that you or your staff member at the checkout is facing into the market, rather than with their back to the market, because they are also part of your security system to prevent theft. We will talk about theft later.

Light

It is a well-known fact that people's eyes are attracted to light. We can use this to our advantage by directing light at the things we want them to buy. By controlling where the light falls, we control where the consumer focuses their attention.

I am a strong believer in spotlights for several reasons:

(1) Most spotlights emit the entire light spectrum, which gives the consumer the best appreciation for the true colour of what you have for sale. There are spotlights that bring out and enhance any red pigments in a product. Some retailer will use them over unripe tomatoes and over the meat counter to make the items look redder than they really are. The problem with lights that distort colour is, they often result in the customer being disappointed in their purchases when they get home. They see that the tomatoes aren't really as ripe as they thought, so they can't be used in today's dinner. I believe a marketer should exceed a customer's expectations, not disappoint them and I think spotlights that don't show a product's true colour will cause the customer to be disappointed and that doesn't stimulate repeat sales.

(2) Spotlights focus the customer's attention on the products you have for sale. If you walk into a retail store that uses fluorescent lighting on the ceiling, you will see that the walls, floor, and displays are all receiving the same light. Knowing that a person's eyes are drawn to light, we should use that to our advantage. We don't want to give equal lighting to the floors and walls, because we aren't selling floors and walls. Also, fluorescent lights don't do a good a job covering the entire light spectrum, so many products will not show as well as they would under full spectrum spotlights. Spotlights, because they focus the customer's attention on what you have for sale, can easily increase the retailer's Average Sale per Customer.

(3) Under spotlights you will see that products glisten, making them even more appealing. Then, if we have leafy vegetables that would benefit from occasionally being sprayed with water from a hose with a misting nozzle, you will see that many colours will jump out at you. They appear much brighter. Red radishes glisten, orange carrots are brighter, purple beets are darker etc. Also, if you

have leafy vegetables, the water will help them retain their freshness, because the produce won't lose moisture and appear wilted and dull.

When installing spotlights, it is better if they do not shine straight down, but rather come in from a slight angle, so that if you have tiered displays you don't have shadows that don't show off your produce at its best light.

Spotlights are more expensive to install and more expensive to operate, but their benefit in helping your products look their best and focusing the customers attention on what they are there to buy, far outweighs that cost difference.

On the other hand, fluorescent lighting is ideal for work areas.

The control of light also extends to the placement of windows. My concern with windows is, they distract the customer's focus. Since they allow in light, the customer will see the window, but not the products around that window. Also that light will be hard on the products that are exposed to that light. Jams will lose their colour and produce will overheat, causing them to lose moisture and become limp and dull in colour. This will increase your waste, which will eat into your profits. You may like windows, because they make the outside of your market look more inviting. That is a realistic argument. But on the inside they are damaging products. I would suggest, if you feel you need windows to improve your outside ambience, on the inside of those windows, you use louvered shutters over the bottom half of the window and use gathered drapes across the top half and down the sides, to reduce the impact of light coming through them. This is not to say you should not have any windows. They could be where you want general lighting, such as near the checkout, rather than in your prime display areas.

One last comment on light, relates to the colour of display tables. Display tables are there, only to place the produce in the best position to show well to the consumer. We are not selling display tables, we are selling the produce or preserves or crafts that are on them, so the display table should not be obvious. It can enhance the products on it, but it is not to be the main attraction. For that reason, it is better to use darker display units, so that the products on the table become the focus. If you use wooden display units, they should be darker green or brown. If you use tablecloths, they should be a darker solid colour, not patterned because the pattern becomes a prominent feature of the display. So unless you also want to sell tablecloths, they should be discrete and not an obvious part of the display.

Diagram

The diagram below incorporates all of the things covered in this section on "Controlling People Movement". Looking at the diagram, you will see that there is an outside covered display area that is surrounded by a 2 or 3 rail fence (the line of dashes). Customers driving by, from west to east, can see that outside display area, because the cars are all parked off to the side of the market. Yet to access the outside display, they have to enter the market from the right (east) side. The hatched boxed areas identify displays. The arrows inside the market show the typical flow of customer traffic.

It is also important that displays help draw customers through the market. In this example, there would be at least one major draw item (☆) in the outside canopied, fenced display area, another

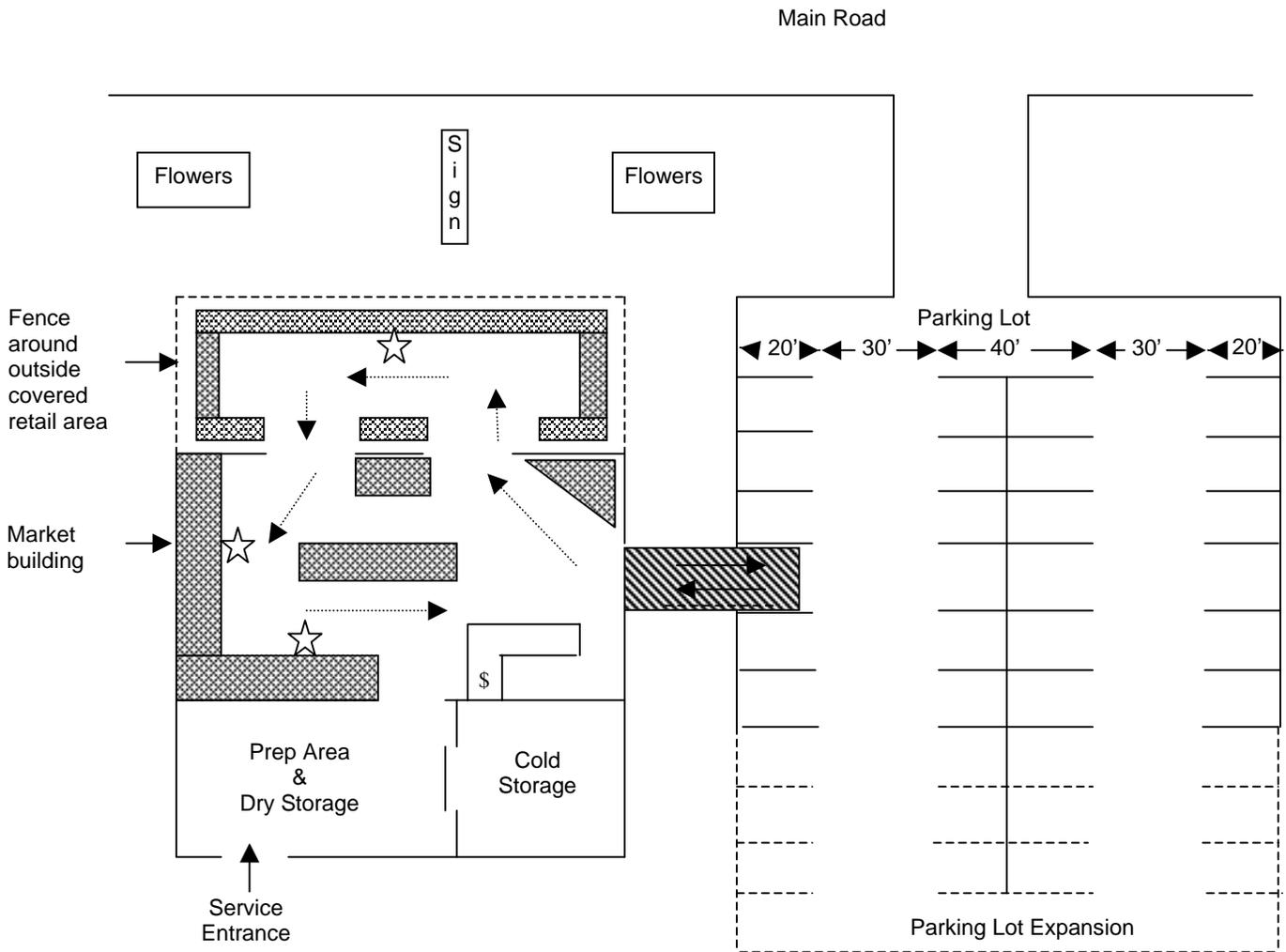
along the west wall and possibly a 3rd along the south wall. Each would help draw customers through the entire retail area.

Inside the market there are two aisles, so that the customer ends up at the checkout, beside the entrance/exit, where they will pay before exiting to their car. The checkout faces into the market so the staff member working the register can also keep an eye on the retail area.

In a farmers' market, individual stalls can follow some of these principals. If their stall is large enough they can set up their displays so that important items are placed to draw the customers through their stall. But also the entire farmers' market can be laid out to encourage customers to walk by more, if not all of the stalls in the farmers' market. This would help increase the gross sales of the entire farmers' market, and it should increase the sales of many of the individual vendors. Farmers' markets might be well advised to make sure that the whole market has an even number of aisles so that if a consumer were to walk the entire market, they will end up at the end where they started, which would usually be at the same end that they parked their car.

Diagram

On-farm Market Showing Customer Traffic Flow



Legend

