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Getting Control of Your Pricing

On-farm Marketing Controls – part one

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On-farm Marketing Controls

Introduction

This whole concept of improving controls with on-farm marketing started about 11-12 years ago when a farm marketer I knew was having financial problems. He was concerned that he might lose his business if he didn't get a much-needed loan. He had pretty well borrowed all he could from the normal lending institutions and so he went to a relative who operated a very successful business. The relative said he wouldn't loan him any money because he felt more money wouldn't solve his problem, but he offered to do something even better, he offered to go over his books with him and show him where he could "control" his costs (expenses). This process was a real eye-opener for the struggling marketer, because he thought he was already very lean. After his business began improving, he shared his experience with me. After that success with controlling costs, we often got together to discuss how we could improve other areas of the business, where controls could improve his profitability. It was a valuable learning experience for me, and one I'd like to share.

In on-farm retailing there are a number of places where introducing different kinds of controls will help you better manage your business and improve sales and profitability. The answer isn't always increasing your gross sales, yet that is where many marketers focus their energy. I hope after you read over each installment in this series of articles on "Controls" that you can have a discussion with your family members who are involved in on-farm marketing, to see if any of these techniques might fit into your operation. Some may not fit, but they each have a concept that you might be able to massage to fit your business.

Profits can be from higher margins (increase prices), increasing your volume of sales, or reducing costs. But there is a new level of management that you can advance to if you look at how you can

introduce “controls” into your retail operation. The more controls you put in place, the better you can track & manage your business.

The topics we will be covering, will highlight many of the areas where farm marketers involved in on-farm roadside markets, Pick-Your-Own (PYO) operations, and farmers’ markets have experienced problems and developed solutions. They will include:

Controlling Your Parking

Controlling People Movement and Light

Controlling Theft and Handling Cash

Getting Control of Your Pricing

Controlling Your Parking

Some may wonder what parking has to do with controlling anything, but parking is very important in PYO and can have some subtle impacts for roadside markets as well. The in-term today is “Curb Appeal”, which simply means your operation should be as attractive and inviting as possible from the road, to help pull customers onto your farm. That includes landscaping, keeping the buildings painted, attractive signs, weeds removed, grass mowed, etc. but also, well organized, high and dry, properly placed and safe parking.

In Ontario, because they have had roadside markets for decades, they often started out as picnic tables by the side of the road. Then, as business grew, they graduated to a more permanent market building. Parking, for the picnic table, was often located along the edge of the road, so as they grew, they just built their new market building back behind where the picnic table was located and installed a semicircular driveway out front with 2 driveway entrances/exits that customers could use to pull off the road and access the market (diagram 1). Parking cars off the road was an improvement, from the perspective of safety, but the problem was that people coming from different directions along the roadway could access the semicircular driveway from the 2 different ends and on a busy day, 4 or 5 cars parking at different angles, and heading in different directions could completely fill the parking area. This congestion would discourage other potential customers from stopping.

Another aspect with semicircular parking was that it completely obstructed the view of the potential customer driving by, from seeing what the farm had for sale. It was also difficult to control dust kicked up by cars entering and exiting the semicircular driveway from drifting into the market. Besides, if the prevailing winds came across that semicircular driveway, you constantly had dust blown into the market.

But most importantly, the front of your market is your “show window”, just like any store widow on Main Street down town, or in the mall. You aren’t selling cars, so why allow them to be front and centre. Besides the cars restrict a consumer’s visibility of your image and possibly an outdoor display of products you have for sale.

Since parking in front of the market is not the proper location, where should it be? I would recommend that parking should be at the side of the market. But which side? I’d suggest the “far” side. What is the far side? Simply ask yourself, where most of your traffic is coming from? If most of your traffic comes from the west, then you would put your parking on the east side of

the market. In this way, they can see the market and be influenced by your curb appeal. Then, after passing the market, they get access into your parking area (diagram 2).

Placing the parking on the “far” side, also gives you an opportunity to “control” where people enter and exit your market, which also gives you more control over how your market is presented to the public. We will cover entrance and exit later.

Another advantage with parking off to the side is, most farms have lots of depth, so you can allow your parking lot to grow for 10 cars to 20 cars to 30 cars as your business grows and it does not interrupt your market. In diagram 2, you will notice the dotted lines, at the bottom of the parking lot, indicating how you can easily expand your parking capacity.

With PYO, it is important to have an attractive presentation from the road as well (curb appeal). Often that can be a weed free PYO crop growing right up near the road, to show them the best of what you have to offer. It is better to plant the latest variety of that crop nearest the road, so that it will look the best the longest through your PYO season.

With PYO it is also important to control access from the parking lot, onto the farm. You don't want people accessing your fields from several different spots. You want them all to enter your PYO at one location, where they can be advised of any rules, purchase containers if needed, and where you can tell them where they can pick that day. But the most critical reason for parking controls with PYO is, you want everyone to flow back through that one spot, which is where your checkout should be. You want them to pay for what they have picked, before reaching their cars. If some customers have to go to the car to pick up some money, have a few shelves near the checkout, where they can leave what they picked before going for their purse or wallet. We'd like to think that everyone is honest, but the reality is some people aren't, and as a retailer, you need to reduce the opportunities for those that might steal from doing so. I will get into security later, but just take my word for it, some people will steal from you. Our job is to reduce the likelihood of that happening by restricting “opportunity”, by having proper controls over how customers move around your farm. If we were to draw a flowchart, it would be: PYO crop → checkout → parking lot.

One practical way to control everyone's movement, so they go through the checkout, is to put snow fence or some other fencing around the parking lot or the PYO field. I think it's better to fence the parking lot, but you may have parking in several locations, which might make that not practical. You don't have to completely encircle the parking lot or crop, but if you do at least the one side closest to the PYO field, or closest the parking lot, depending on which you fenced, that might be enough. Ideal would be all 4 sides, but 1, 2, or 3 sides is preferable to nothing. Fencing will make it very obvious if someone is trying to avoid the checkout, then you can check that one person out, rather than having to try and keep track of dozens of people approaching the PYO or their cars from all angles. So look at your set-up and see how you can “control” access from the parking lot into your PYO farm.

I also recommend 90° parking, as pictured in diagram 2. It is what most people are used to. It is also the most efficient use of space. If you can mark rows, so people park up to a designated

line, you need approximately 20 ft. of depth (length of a car), and about 30 ft. for the travel aisles. For the parking in diagram 2, you'd need a parking lot $20' + 30' + 40' + 30' + 20' = 140'$ wide. Using this system, you can park about 110 cars per acre. You only need 25' wide driveways, not 30', if cars parked bumper to bumper. But you can't count on that. So it is better to add another 5 feet to driveways to compensate for that.

Thumb Rule 1 of Marketing

Do not allow parking out in front of your market. Use that area to create your farm's image. Put parking off to the side and preferably, on the "far" side of the market.

For PYO operations, fence your parking lot so customers have to enter and exit near your check-in / checkout, so everyone pays before returning to their cars.

Diagram 1

Roadside Market with Semi-circular Parking
(Not Recommended)

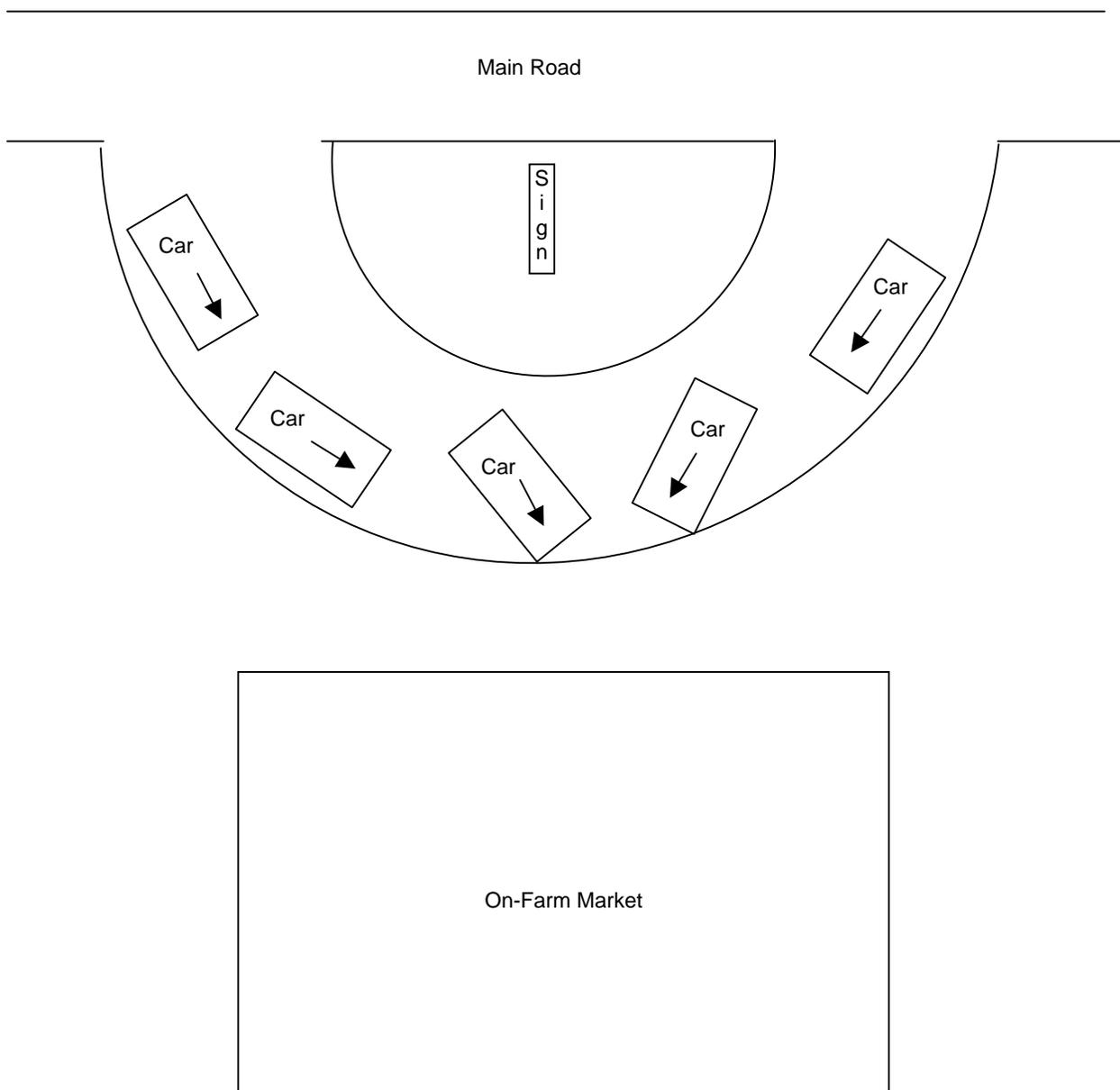


Diagram 2

On-Farm Mareket with Parking Off to the Side

