

## **CHARACTERISTICS OF DIRECT MARKETING ALTERNATIVES**

**by Deborah Young<sup>1</sup>**

**F**arming is more competitive today than ever. One popular marketing option which allows farmers to

receive a higher return for their crops is direct marketing. Instead of paying packers, shippers, and brokers to market their crops, direct marketing allows farmers to sell directly to consumers. Some of the benefits include cash sales, immediate payment, and more control over prices. Barriers that farmers may encounter include insurance liabilities and zoning restrictions. Use the following chart to help you decide which marketing method best suits your operation.

Characteristic	Pick-Your-Own	Roadside Market	Farmer's Market
INVESTMENT	less capital investment: need containers, ladders, locational signs, parking, building or stand	need building or stand, parking, containers, signs, scales, coolers, etc.	very little capital investment: rent parking or building space, containers, scales, bags, etc.
GROWER LIABILITY	high liability insurance: liable for accidents	liable for accidents; need liability insurance	need liability insurance unless covered by market
OTHER COSTS	need labor for field supervisors and check-out stand; field site transportation; advertising and promotion costs	need sales labor; advertising and promotion costs; some storage, packaging, and handling costs; may need to purchase additional produce	need sales labor; stall or sales fees; display costs; transportation, storage, packaging, and handling costs; no advertising and promotion costs
PRICING	large sales per customer; no transportation costs; no sales or broker fees	fairly large sales per customer; limited ability to sell large volumes; no transportation costs; sales or broker fees	smaller sales per customer; direct competition from other growers no
QUALITY	no grading; can sell whatever customers pick; freshness	can classify and sell more than one grade; can sell seconds; spoilage	highest quality needed
BARRIERS TO ENTRY	limited demand; limited crops; short season; location	limited demand; location; road access; marketing management; zoning	municipal restrictions; conflicting goals of organizers; marketing management
SPECIAL ADVANTAGES	average value of purchase per customer may be higher than at other direct marketing outlets	can be expanded to meet needs of producer; can be tailored to customer's tastes and preferences	potential for large number of customers; low overhead; advertising done by organization
SPECIAL DISADVANTAGES	affected by weather; damage to field, trees, plants; location may be critical	affected by weather; location may be critical	time consuming; must transport produce; do not have as much control over promotion

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