Toward Sustainable Agriculture: A Guide for Hawai‘i’s Farmers

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Agriculture is a highly competitive industry, and farmers need to be market-savvy to survive. Direct marketing is an option, growing in popularity, that allows farmers to receive a higher return on their products by selling directly to customers. To achieve the higher return, the farmer takes over the “middle-man” services of packaging, transporting, and brokering the product. Other direct marketing benefits to the farmer include cash sales, immediate payment, and more control over price. Often linked with direct marketing is agricultural tourism (“agtourism”), which benefits Hawai’i’s tourism sector by diversifying the mix of services and products available, increasing visitor satisfaction, and possibly helping to lengthen the average visitor stay.

Control over price means being able to settle on an appropriate price rather than being a “price taker,” accepting whatever price is offered by the middleman. If your product has special characteristics that are of value to consumers, you may be able to set a price that recognizes this extra value. Wholesalers or large stores may not be willing to pay more than their standard price for products, even though the products are superior.

Many marketing options

Wholesalers are traditionally the farmer’s link to the marketing chain. Generally, wholesalers package and grade a wide variety of agricultural products, assemble them into economically sized lots, and transport them to a wide range of retailers. Wholesale prices are generally lower than retail or direct-sale prices.

If you can provide a reliable supply of high-quality product, graded and packaged, and deliver it directly to the retailer, direct retail sales might work for you. Investigate whether institutional buyers such as school systems, the prison system, hotel chains, retail store chains, warehouse stores, cruise lines, or the military are good outlets for your product. If you have a niche-market product, specialty stores may be a good option.

Refer to UH-CTAHR’s publication *This Hawaii Product Went to Market* for helpful introductory information about these and other marketing options.
Market research

It is beyond the scope of this manual to provide in-depth information about how to conduct market research. It is helpful, however, to understand that market research is not difficult and can in large part be accomplished fairly easily by even the most novice farmer. It is, at its core, research and information gathering. It should be done before you decide what you want to produce. Following are questions and steps to take along this path.

Who will be your clients? Consider the demographics of the area where you are located to determine who your potential clients may be. Are your clients city dwellers who attend farmers’ markets? Will you sell to chefs at local high-end restaurants? Do you hope to draw local residents to your farm to purchase locally grown produce or to enjoy a farm experience? Would you like to sell to a particular ethnic group? Are your clients health-conscious individuals who demand high-quality organic produce?

Learn everything you can about your potential clients. Find out their buying habits and their preferences. Observe them. Talk with them. Survey them. Try to determine if there is a need they have that you can fill. What products can you grow and produce that they would buy? How can you make your agricultural product uniquely different or superior to those of other farmers? Can you identify a lucrative niche?

Visit local stores. Take a trip to local supermarkets, ethnic shops, food clubs, health food stores, and gourmet shops. Observe what is selling and what makes an agricultural product appealing. Talk to customers about what they want and what they would like to purchase that is not currently available.

Research food trends. Visit up-scale restaurants to get an early read on upcoming food fashions. Read food and food trade magazines. Women’s and lifestyle magazines can also be valuable resources. Keep an eye out for articles in popular and health magazines about the nutritional and health benefits of specific foods.

Check out the competition. Examine what your future competitors are doing. Think about ways they could improve.

Decide what to grow. The answers to the questions above will help direct your final decisions about the variety of agricultural products that you will want to produce. Avoid competing with corporate farms—try to identify products that are not usually found in supermarkets or that do not travel well. Look for varieties that are attractive, colorful, and diverse in size and texture. Emphasize diversity in your agricultural product line to spread your economic risks. For new products, start small, with a limited field trial. Experiment with new varieties. Keep records to remember how well they grow. Then test your new products before you commit large amounts of your energy and resources to growing them.

Test your product. Get consumer feedback on your agricultural products by giving samples to your customers. For example, at farmers’ markets, craft shows, or agricultural fairs, you can meet your customers face-to-face and get their reactions.
Direct marketing opportunities

The following pages will give you an overview of some of the most popular direct marketing options being used by farmers. As you read, try to pick out the marketing venues that best match your current level of expertise and resources.

Farmers’ markets

One of the best direct marketing venues for new farmers is the farmers’ market. This direct-sales approach allows beginning farmers to establish their customer base, develop their marketing skills, test new products, and get purchaser feedback at low cost. It requires little to get started (your best clean produce, a table, a vehicle, insurance) and incurs little debt. At the farmers’ market, small-scale producers can hone their business skills.

To excel at farmers’ markets, you must enjoy people—and you’ll be answering a myriad of questions about nutrition, your favorite recipes, and your farming philosophy, among other food-related topics. An eye for presentation is invaluable. Projecting an image of abundance with the creative use of color, signage, and multi-level product placement will draw customers to your stand. Use the farmers’ market to help develop and test your niche products. Talk to clients. Match what you grow the best with what your clients like to buy. Take time at the farmers’ market to network with other farmers as well. They’re often your best teachers.

Aside from the farmers’ market, you may discover opportunities to sell your products at agricultural fairs, craft shows, and trade events as well.

Some marketing prospects that may arise from your contacts at the farmer’s market include direct sales, subscription farming, and value-added sales.

Farm stands

If your farm is well located, along a major roadway with lots of traffic, or close to an urban area or tourist attraction, you may want to try building a farm stand to market your produce. The marketing and display skills that you learned from farmers’ markets can be directly applied to your farm stand venture.

Road stands can give a farmer an excellent start-up marketing outlet. You can start small with a modest seasonal stall and, as opportunity and ambition permit, expand to a year-round country attraction with an expansive product line. Here are some considerations you should take into account.

Location: Consumer studies from the U.S. mainland indicate that most people will drive only 10–25 miles to shop at a roadside stand. If your farm isn’t located within this distance from a population center, consider partnering with other farmers who have better locations.

Zoning restrictions: Check to see if the zoning ordinances for your property allow farm stands.
**Building permits:** Farm stands range in design from the most simple, open-framed stall to elaborate buildings with extensive amenities. Initially, you may wish to keep your costs down and start small (but keep room for expansion should your farm business prove to be successful). If you erect a structure, check first to determine if you need building permits. Be sure your roadside stand parking lot is convenient, level, and safe. There may be regulations that apply to your farm stand signage as well.

**Government and local regulations:** Be sure you research and understand the state and local laws that affect on-farm sales. You may be subject to business licensing regulations, health and sanitation codes, weight and measures specifications, employment regulations, and fire and police ordinances.

**Insurance:** Once you allow the public access to your property, you expose yourself to greater liability risk. Check with your insurance carrier to be sure you have adequate coverage.

**Security:** Roadside stands are vulnerable to theft and vandalism.

Your farm stand may eventually evolve into a roadside market (or a farm store), a direct-market outlet that operates year-round and sells a wide variety of products. You would most likely be re-selling products from other farms in addition to your own agricultural products. Often, these businesses use fresh produce as the major draw but diversify by adding food sales (such as a bakery, ice-cream parlor, or similar outlet for value-added products) or an entertainment component (animal petting zoos, mazes, hayrides, etc.). Read more about agtourism further on.

**U-pick**

Also known as “pick-your-own,” U-pick farming once seemed like a farmer’s dream come true—free labor. Customers would drive out to your farm, harvest and pack your produce, and then pay you for the experience! Actually, U-pick does have a down side—your customers may damage plants, your liability insurance cost increases, and product prices tend to be low. However, U-pick may still be a marketing option for some new farmers.

U-pick farming’s popularity appears to be tied to the economy and to the amount of time available to the cook of the household. Traditionally, U-pick flourishes when money is tight. Customers come to the farm to harvest lower-priced foods that can be canned, frozen, or preserved at home, helping keep the family food budget down. With more people working, time is now more at a premium, and U-pick revenue has declined. In today’s market, successful U-pick operations now generally include a component of agtourism.

**Agtourism**

As urbanization increases and the hustle and bustle of city life ratchets up stress levels, many people are turning to nostalgic farm visits to spend their vacation dollars. A growing number of tourists seek rural experiences to escape crowded
urban centers, to enjoy natural environments, to try out a less commercialized vacation experience, or to satisfy their interest in the farming lifestyle and heritage.

Entrepreneurial farmers exploiting this trend can access recreational dollars in various creative ways. Some host events such as seasonal festivals (e.g., the Kona Coffee Festival) or agricultural fairs complete with cooking and crafting demos. Others may offer educational tours to appeal to local K–12 school students, showcasing processing demonstrations and providing displays and animal petting areas. Certain farms lend themselves to being rented for weddings, corporate picnics, or birthday parties. Farm families may open their homes to offer farm vacations or bed-and-breakfast stays. This marketing movement, known as entertainment farming, agri-tourism, or agtourism, is helping many farmers to stay in business.

Hawai‘i farmers are fortunate to have a large tourist population the year round. Out-of-state visitors are already in vacation mode and need only to be convinced that an agtourism attraction is an attractive option. In-state residents are not in vacation mode most of the time but still are a potential market for school tours, ag entertainment (e.g., corn mazes, pumpkin patches), and other recreational activities.

Several Hawai‘i farmers have gotten a start in agtourism via a bed-and-breakfast. If your county permits this form of business, if your farm or home has comfortable facilities to accommodate visitors, and if you and your family have the personality to interact cheerfully with the strangers who will be your guests, this may be a great option for your farm. Local farmers who are in the B&B business strongly recommend being affiliated with a B&B association, as it provides time-saving marketing services (such as brochures and Internet sales) that enhance B&B revenue. Expect to give a tour of your property, and plan to have some products to sell to your guests.

In many cases, agtourism represents an evolutionary step for farmers who already have extensive experience with direct marketing via retail sales, value-adding, and food service. As described earlier, when you bring the public to your property, you must address additional issues such as zoning restrictions, building and business permits, adequate parking, health code requirements, and increased liability risks.

Some benefits of agtourism include
- diversifying farm operations
- using farm-based products in new and innovative ways
- developing new consumer market niches
- channeling additional on-farm revenue directly to family members
- improving farm living and working conditions and recreational opportunities
- developing managerial and entrepreneurial talents
- increasing long-term sustainability of farm businesses.

Agtourism challenges include
- understanding agtourism market needs and behaviors
- assessing agtourism’s fit with current farming operations
- dealing with government policies
- establishing effective marketing programs
• developing customer-friendly service programs
• creating responsive risk-management programs
• establishing credible product and service quality standards
• building strategic partnerships
• managing niche agtourism product development opportunities.

In Hawai‘i and some other parts of the Pacific, tourism is a major economic sector. Agtourism can open a new niche market for the visitor industry. Contact the Hawai‘i Department of Business, Economic Development, and Tourism (Product Enrichment Program) and the Hawai‘i Department of Agriculture (Marketing Division) for assistance in setting up an agricultural-based tour product such as a farm festival or on-farm tour.

**Subscription farming**

In subscription farming, farmers contract with customers to provide a range of goods for a defined time period (a “season” in temperate climates). Customers prepay, allowing the farmer to cover production costs in advance and guaranteeing a good price for the produce. In exchange, clients periodically receive a box of fresh, high-quality produce, usually delivered to a central pickup spot. Customers have the satisfaction of knowing where their food comes from and that they are supporting a local family farm. Another similar concept is “community-supported agriculture” (CSA), where “shareholders” additionally commit time and energy on the farm to help with labor. People who relish the occasional experience of being on the farm and working the land may prefer to join a CSA.

Subscription farming enterprises thrive where small farms can provide a diverse array of consumer-ready products such as vegetables, fruits, herbs, meats, honey, milk products, and eggs to large urban populations located close to the farm. In Hawai‘i, apartment and condominium dwellers may prove to be a good market for this type of venture.

When you consider entering subscription farming, consider the following:

**Product diversity:** To keep subscribers happy, the farmer will need to provide a consistent supply and a wide range of fruits and vegetables. This requires a level of experience and production skills that may take a couple of years for an entry-level farmer to learn. Partnering with several other farmers may be necessary to provide the variety of produce needed to satisfy your customers.

**Planting times and successive plantings:** The farmer needs planning skills to ensure a constant supply of popular fruits and vegetables. If you are just starting out in farming, start small and keep the initial crop list fairly simple. With time and experience, you can add more variety to your produce boxes.

**Deliveries:** A common pick-up point, easily accessible to your customers and preferably equipped with refrigeration, can be hard to come by. It is best if you can find a group of subscribers who are located close together, such as in a common neighborhood or at a place of business. Try to avoid home delivery, which is expensive and time-consuming.
Shareholders: Word-of-mouth tends to be the best form of advertising for subscription farming. Often, satisfied shareholders will recruit for you. Be sure you have a brochure that explains what subscription farming is all about and sets realistic expectations for your subscribers.

Restaurant sales

The Hawai‘i Regional Cuisine movement has initiated some very beneficial relationships between talented local chefs and exceptional local farmers. While it may look easy to the outsider, in reality only farmers with a certain level of expertise are able to supply the consistently high-quality produce demanded by restaurants and resort hotels. In addition, these chefs expect premium service as part of the product.

Before deciding to direct-market your products to local restaurants, consider this:

Highest quality produce: To command a price premium you must provide a product that is superlative—fresh, delicious, and reliably delivered. You must be able to consistently provide restaurant clients with excellent produce over the course of the year (despite weather or pest problems). Guarantee your products and replace them if needed.

Highest quality service: Part of the product that you will provide includes reliable deliveries as determined by the chef’s schedule and terms. You must establish a good relationship with both the chef and the business manager to be successful. Keep up with gourmet food trends and meet periodically with the chef to discuss what to grow and how to specialize your produce for their restaurant.

Value-adding with processing

Once you’ve gotten some experience, you might want to add some value-added products to your line-up of merchandise. Perhaps your less-than-perfect produce can be made into pickles, relish, salsa, chutney, jam, or jelly? Value-adding means that the farmer processes the product in some way (by cleaning, cooling, cooking, drying, handcrafting, spinning, weaving, etc.) and then labels, packages, and sells it through direct-marketing techniques. Value-adding is a great way to diversify your product line and to cushion your income during times of crop loss or off-season slowdowns.

Expanding from fresh products into a processed-food product line may appear simple, but that is deceptive. Many of the steps along this path are intertwined with complex government regulations.

Recipe development: You may have a good recipe already for your fruits or vegetables. If you don’t, consider partnering with a local chef or with a culinary school program to develop one. Your next step is to “commercialize” your recipe—to make necessary modifications so that it still tastes great in larger batches. Your recipe will be a proprietary secret.
**Processing facility options:** To sell to the public you need to prepare your product in an approved food-processing facility (or invest to build and maintain a commercial kitchen on your farm). Specific federal, state, and county laws regulate regarding the processing of farm products, including livestock and poultry, and produce handling, cooking, and packaging.

**Ingredients and packaging:** You will need to locate suppliers of reasonably priced additional ingredients and packaging required for your product.

**Labeling:** In addition to the marketing considerations you need to think of when designing your labels, food-product labels have certain government-required elements that must be met.

**Product costs and product pricing:** To determine your pricing strategy so that you make a profit, you need to know your costs of production, both fixed and variable.

Value-adding is an excellent way to grow and diversify your farm business. Successful agricultural entrepreneurs emphasize that you should start small and grow this aspect of your business slowly.

**Internet marketing**

Many farmers find that having a website greatly enhances their direct-marketing strategies and is especially helpful in attracting out-of-state visitors to their agtourism enterprise (such as a bed-and-breakfast). Another successful use for websites is to facilitate repeat sales from satisfied customers from the U.S. mainland and overseas.

Designing and supporting an eye-catching website that rises above the crowd requires an unusual combination of journalistic ability, graphic design talent, and computer savvy. It is very time-consuming. If this sounds intimidating to you, your first step may be to sign on with a website, such as Local Harvest, <www.localharvest.org>, or FoodRoutes.org, that will give you a free listing. Link up with a Hawai‘i-based non-profit food organization that promotes sustainable agriculture (for a mainland example, visit Community Involved in Sustaining Agriculture, CISA, at <www.buylocalfood.com>).

Farmers can collaborate to design a group website relating to a common marketing theme with individual Web pages featuring a unique story about each member farm. Alternatively, you may be able to access professional assistance by joining a marketing cooperative, several of which provide websites as one of their services.

**Cooperative marketing**

An excellent way to combine talents and resources is for a group (hui, in Hawaiian) of farmers to organize into a cooperative to carry out some of the marketing functions done by middlemen. A marketing cooperative is an organization owned and operated by a group of farmers who produce similar products. Marketing co-ops may perform certain functions such as grading, packing, storing, cooling, shipping,
promoting, and selling. They may be able to negotiate volume discounts for purchasing production supplies (seed, fertilizer, containers, etc.) for their members.

Co-ops give participating farmers the opportunities and benefits of pooling products by grade and size, presenting a uniform product, and accessing services and economies of scale not available to the individual producer.

There are many existing Hawai‘i marketing cooperatives. The USDA Rural Development/Rural Business–Cooperative Service provides technical assistance to producers interested in forming a cooperative.

A cooperative can be organized to take on other business functions. There is a new trend for farmers to organize both formal cooperatives and informal partnerships to share the cost and use of expensive equipment (such as poultry processing equipment and refrigerated “portable stores”) and for building commonly shared facilities (such as freezers and commercial kitchens). These new alliances are allowing farmers to be more competitive and to stay in business.

Resources and recommended reading

General


*North American Farmers Direct Marketing Association* is an organization exclusively dedicated to promoting farm direct marketing. They offer publications, conferences, trade shows, newsletters, and a special website (The Back Forty) for members only. <www.nafdma.com>

*UH-CTAHR publications*. College of Tropical Agriculture and Human Resources, University of Hawai‘i at Mānoa <www.ctahr.hawaii.edu/freepubs>

Locally grown

*FoodRoutes.org* is a website devoted to assisting people to purchase locally grown produce. Their website offers a toolkit for food and farming advocacy work and several excellent downloadable promotional sheets such as Buy Locally Grown, It’s Thousands of Miles Fresher. <www.foodroutes.org/localfood>

*Local Harvest* supports sustainable and organic farmers by providing a website with a clickable map for consumers to link up with nearby food producers. <www.localharvest.org>
Farmers’ markets


Growing for Market Magazine is a national monthly newsletter for direct-market farmers. It is a source of information about growing and marketing produce, herbs, and cut flowers. <www.growingformarket.com/>

Hawaii’s Agricultural Gateway (Hawai‘i Department of Agriculture) has a list of Hawai‘i farmers’ markets. <www.hawaiiag.org/Markets/WelcometoMarkets.html>

Roadside stands

How to Establish and Operate a Roadside Stand. UC Davis Small Farm Center <www.sfc.ucdavis.edu/Pubs/Family_Farm_Series/Marketing/roadside.html>

U-pick

Should I grow fruits and vegetables? Pick Your Own Markets <ag.arizona.edu/arec/pubs/dmkt/Upick-ShouldIgrow.pdf>

Agtourism


Direct Farm Marketing and Tourism Handbook. <ag.arizona.edu/arec/pubs/dmkt/dmkt.html>

Agtourism in Hawaii: From Farmer to Visitor. UH-CTAHR website. <www.ctahr.hawaii.edu/agtourism>

Entertainment Farming and Agri-Tourism. This on-line article about agri-entertainment includes tips and ideas from successful entertainment farming enterprises and techniques (farm recreation and hospitality businesses). Also available as a downloadable PDF file. <attra.ncat.org/attra-pub/entertainment.html>

Agricultural Tourism Fact Sheets from UC Davis. <www.sfc.ucdavis.edu/agritourism/factsheets.html>

Agricultural Marketing Resource Center (AgMRC): Nature Based Tourism. Links to on-line manuals and success stories on eco-tourism. <www.agmrc.org/Agmrc/markets/Tourism/tourism.htm>

Subscription agriculture and community-supported agriculture


Sharing the Harvest. Elizabeth Henderson with Robyn Van En. 1999. Publisher:
Chelsea Green. This manual provides an overview and step-by-step description of community-supported agriculture, including how to start and operate a CSA, management and production issues, sample documents from working CSA farms, pitfalls, and extensive resource and materials lists.

**Restaurant sales**

*Selling Produce to Restaurants*. Diane Green. Greentree Naturals.  
<www.greentreenaturals.com>

*Chefs Collaborative*, <www.chefs.collaborative.org>, is a national network of more than 1,000 members who promote sustainable cuisine by celebrating the joys of local, seasonal, and artisanal cooking; it hosts the *Farmer-Chef Connection* website, <www.farmerchefconnection.org>.

**Value-adding**


**e-Commerce**