



FUNDAMENTALS OF ON-FARM RETAIL: Introduction

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This publication is part of a series developed with special considerations for on-farm retailing of value-added dairy products as part of the Southeast Dairy Business Innovation Initiative. Learn more at valueaddeddairy.tennessee.edu.

From producers with large buildings and sophisticated merchandising displays to small structures or no structure at all selling few products, on-farm retailing is an opportunity for agricultural producers to sell to and engage consumers.



On-farm Retailing

The term on-farm retail is used to describe the various ways in which agricultural producers sell their products directly to consumers at the farm. On-farm retail markets may include something as simple as a display of pumpkins near the road with a container for customers to pay on an honor system to a fully-staffed expansive structure filled with farm products, value-added farm products and complementary products that are sold directly to consumers. Some operations, such as Sweetwater Valley Farm in Philadelphia, Tennessee, offer multiple retail experiences to their customers. Visitors can peruse their selection of branded clothing and other merchandise while waiting for freshly prepared specialty grilled cheese sandwiches or ice cream cones at the farm's cafe. After that, they can join a farm tour and explore the selection of aged cheeses available to take home at the Sweetwater Valley cheese shop.

The thought of establishing and running an on-farm retail operation can be both exciting and intimidating. On-farm retailing offers a way to reach, engage and foster relationships with your customers and adds an experiential component to the business. Additionally, on-farm retailing offers opportunities that might engage family members with different skills and interests in the farming operation.

At the same time, however, producers might feel overwhelmed given all the considerations that come with on-farm retail operations. For example, decisions surrounding on-farm retailing such as product assortment, merchandising, advertising, regulations, operations management and risk management have the potential to stifle any dreams of grand openings or future successes.

Building a Sustainable Business

A Guide to Developing a Business Plan for Farms and Rural Businesses

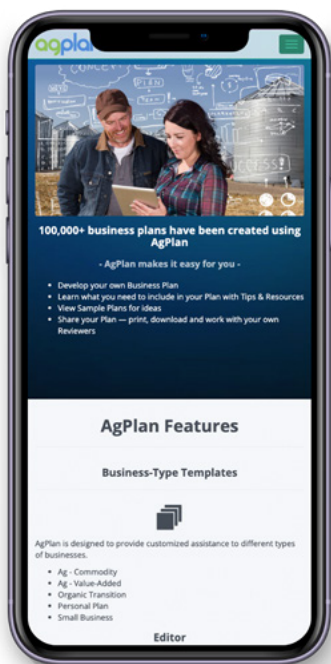
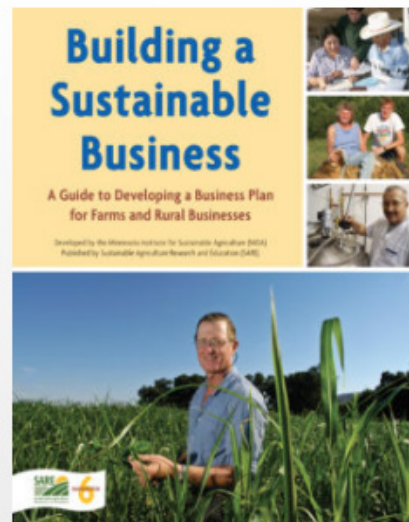
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For More Information

Value Added Dairy

valueaddeddairy.tennessee.edu

Center for Profitable Agriculture

cpa.tennessee.edu

International Agritourism Association

www.nafdma.com

Getting Started

As with any new business idea, it is important to spend some time doing your homework before diving in. Taking time to revisit your operation's mission and goals, assessing your resources (land, labor, capital), visiting and talking with other producers offering on-farm retail, assessing the market needs and potential, and seeking out educational and other resources can go a long way in setting your business up for success and avoiding expensive pitfalls.

One vital step to embarking on this process is to develop or revise a business plan. Two business planning resources are listed below:

- AgPlan is a free, online, business planning tool developed by the University of Minnesota Center for Farm Financial Management: agplan.umn.edu
- Sustainable Agriculture Research and Education (SARE) also has a comprehensive business planning resource called Building a Sustainable Business. The publication can be downloaded for free, or a hard copy can be ordered for a fee: <https://www.sare.org/resources/building-a-sustainable-business>

Contacts with university Extension programs, state departments of agriculture and tourism, small business development centers, local chambers of commerce and tourism organizations, and producer associations may be able to provide insightful information and resources.

About this Publication Series

This publication is the first in a series of educational materials from UT Extension about fundamentals of on-farm retailing. In this series, you will find helpful information, resources and advice for analyzing your idea and starting and operating your on-farm retail operation. The publications cover a variety of key topics that have been identified by current on-farm retail operators as key in on-farm retail development, launch and operation such as product assortment, merchandising, advertising, regulations and risk management.

Find these and other resources for value-added agriculture at cpa.tennessee.edu.



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