Using Market Assessments to Inform Producers and Benchmark Performance

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7.8% of producers are selling through local markets

Evidence of differences in market channel profitability

USDA classifies markets channels as direct or intermediated

Each channel require different marketing inputs and strategies

Producers often do not track costs by market channel
I have this tomato to sell...
But where do I sell it?

In my CSA?

A Local Restaurant?

The Farmers’ Market?
Market Channel Assessments

- **Target audience:** Specialty crop producers selling through multiple non-commodity markets
- Developed by Matt LeRoux at Cornell
- Utilized at Oregon State
- Adopted & customized by Colorado State
MCAT Partnerships

- Partner organizations include:
Program Goals

1. Conduct 50 market channel assessments for producers across Colorado
2. Improve tools to support more informed business decisions
3. Develop statewide benchmarks by market channel so producers can understand how they are performing compared to others and policy changes can occur
Program Goals

• **Behavior change goal:** more informed decision making on market channel choice

• **Learning goal:** better understanding of costs associated with market channels

• **Utilization goal:** producers take MCAT results and recommendations and change their business plan for following season – resulting in improved farm viability
Steps in working with producers

• Recruit participants
• Set up farm visit & do pre-data collection survey
• Producer collects data for one week
• Gather data from producer & pay producer $100
• Put data into model & gather results
• Build producer report
• Deliver report & have half-hour consultation with producer
Recruitment process

• Work with Extension educators and others who work with producers to recruit
• Work with owners/operators of market channels
• All potential producers receive a packet of information
Data collection

- Pre-data survey
  - Mileage for market channels
  - Rankings on lifestyle & risk
  - Weights for importance factors
- Logs of all marketing labor for one peak season week
  - Instruction sheet
- Gross sales for the week
Results & Report

• Insert information from pre-data survey into model
• Use labor logs from producer to fill in labor hours
• Include data on gross sales
• Developed Visual Basic macro to pull data needed for the report into tables
• Develop report for producer

<table>
<thead>
<tr>
<th>Employee name</th>
<th>Day</th>
<th>Product</th>
<th>Activity</th>
<th>Marketing Channel</th>
<th>Time (Minutes)</th>
<th>Optional Note</th>
</tr>
</thead>
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Results & Report

• Included in report:
  • Labor hours by channel, activity, and employee
  • Gross sales per channel compared to total labor cost
  • Marketing profit per channel
  • Sales and gross profit per labor hour by channel
  • Preliminary statewide benchmarks
  • Final channel rankings with weights
  • Recommendations for producer
Direct Information Delivery

• Innovative in the way results are shared
• Utilize multiple different methods

• Individualized report:
  • Producers are emailed and mailed a first draft
  • Given the chance to look over before consultation
  • After consultation, changes are made, and final draft is sent via email and mail
Direct Information Delivery

• Consultations:
  • Computer software Zoom utilized
    • Videoconference and computer screen sharing
    • Allows for easy scheduling
    • Reduction in travel time and expense
Industry Information Delivery

• Statewide presentations
  • Initial benchmarks and basic info presented across the state
  • Wide audience including producers (CO Fruit and Vegetable Growers Association), Extension staff, technical assistance providers, and industry leaders

• Website
  • Introduction, basic information, statewide presentations, and on participation info
  • Promoted and directly linked by project partners
Calling all produce farmers in Colorado!

Market Channel Assessment Tool

As a farmer, you spend many hours picking, washing, and packing your produce in preparation for market. The produce may be distributed to many places – the supermarket, the farmers’ market, restaurants, CSA members, etc., and you may wonder which marketing outlet is actually the best.

The Market Channel Assessment Tool (MCAT) is available to help farms like yours evaluate the performance of different channels on their farm. The MCAT can help you to select the most profitable channels and to create ‘benchmarks’ for produce farmers in Colorado.

The purpose of the MCAT is to enable farmers to more easily evaluate factors such as the price, volume, time commitment, etc. for each marketing channel.
Delivery/Program Challenges

• Recruitment
• Peak season data collection requirement
• Large area to cover in short amount of time
Producer Feedback

• “This report gives me a concrete information on the hours I’m spending and will be really helpful for developing my business plan.”

• “It is good to see that benchmark to help us set a goal to be above that 50th percentile.”

• “This report really got me thinking about why I am selling in certain areas.”

• “It is pretty enlightening and very interesting. It wasn’t what I expected, and we learned something here.”

• “The work you’re doing really validates what we are doing as farmers.”
Evaluation of Results

• Only second state to develop benchmarks by market channel
• Follow up with producers to see if they made changes
  • How this affected profitability of farm
• Repeat participants
Thank you!

Questions?

More info: foodsystems.colostate.edu