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# PICK-YOUR-OWN

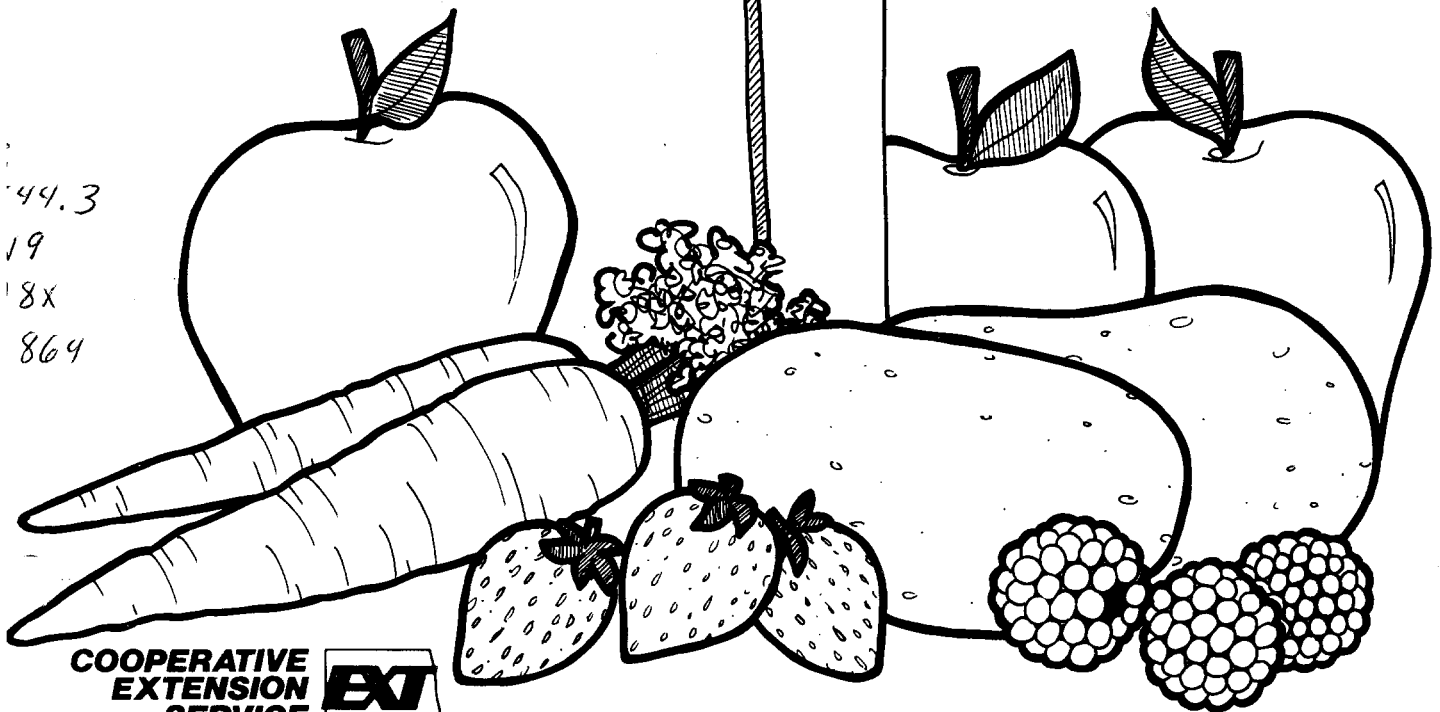
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## Marketing Niche of Small Producers of Fresh Produce in North Dakota

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The commercial marketing system for food produce has become increasingly complex, entailing vast amounts of computer inventoried, packaged produce, handled on pallets by forklift machines. Not only must produce be boxed, wrapped, packaged, and palletized, but it also must be of a "quality" to endure handling and transportation through an average marketing channel time of about eight days. The costs of packaging and handling farm produce in this way make it nearly impossible for the grower of a small acreage to profitably sell fruits and vegetables in the wholesale fresh market. Likewise it is very difficult to sell to retailers, especially large grocers with highly organized sales methods.

A number of small growers have turned to direct marketing of food crops by establishing roadside stands. Growers also may take their fresh fruits and vegetables to a "farmers market" or sell to consumers willing to drive to their farms.

Another direct marketing system that dramatically reduces grower labor, container and transportation costs is known as "U-Pick" or "Pick-Your-Own" (PYO). With PYO marketing, the grower invites customers to harvest the crops. In return the customer receives fresh and flavorful produce of excellent quality.

While consumers are enticed to PYO by the promise of superior eating quality and lower prices, PYO marketing also presents a form of recreation. Families are attracted to the camaraderie and the close association with distant neighbors. In addition, the fresh air, sunshine and country experience are valued by everyone. Today, many adults as well as children can appreciate seeing how food is produced and taking part in its harvest.

The grower/PYO manager may take special pride in his or her ability to oversee a market that includes the whole family. For growers of small acreages, PYO marketing can be more profitable than selling into the commercial produce system. To realize these profits, the grower must design the farm for consumer access, and the grower must be able to function as a retailer and work directly with people.

Some crops cannot be harvested by the public. For example, few people know how to determine the ripeness of a watermelon. Some might trample on vines of muskmelons and destroy the second set of fruit. Many people peel back the husks of sweet corn to determine the correct time of harvest and expose the ears to injury. On the other hand, apples, raspberries, strawberries, beans, asparagus, potatoes, tomatoes, beets, cucumbers and carrots are easily dug, cut or picked.

## How does a grower start a PYO farm?\_\_\_\_\_

**A projection** should be drawn up before starting any business enterprise. The projection should contain a written statement of monetary goals or objectives. Such a goal might be to supplement present income by a specific amount. Another goal might be to make enough money to live on by operating a produce farm full time.

**A written plan** follows for attaining the goals or objectives. It is suggested to start with a list of resources and to proceed to the actual operations and finally to the estimated costs and returns.

## A sample projection follows: \_\_\_\_\_

Mrs. Swanthold and husband Gaffer operate a conventional farm but have insufficient acreage. Mrs. S believes that one solution to the problems is to make each acre produce a higher profit by growing higher value crops:

**Goal & Objective:** Increase income per acre on a portion of the farm to supplement total income.

### Resources:

Good health, ability to work long hours, and ability to work with and manage people.  
Cooperative and sensible spouse who is able and willing to help with the project.  
Two dependable children to assist on weekends and through the summer.  
Gaffer will allow Mrs. S to use as much land as she needs but specifies that she should assume to pay a cash rent of \$100 per acre from the proceeds. She chooses five acres near the house, three to plant to produce crops and two to prepare for future gardens.

### Customer potential:

75 families within one-mile radius.  
100,000 population within a 25-mile radius.

### Competition:

An apple orchard, two miles away.  
A PYO strawberry farm, half a mile away.  
Two acres of vegetables sold from a roadside stand, one mile away.  
A sweet corn grower who sells out of his farm yard, two miles away.

### Equipment:

"Large" farm tractor and equipment.  
Irrigation pump.  
Rotary tiller.  
Shed and table for check out and sales.

Cash Projection:

Crops	Costs of Production	Expected Yields	Average Price	Gross Returns
Potato, 1 a	\$ 800.	20,000 lb	10c/lb	\$2,000.
Tomato, 1/2 a	322.	6,250 lb	20c/lb	1,250.
Muskmelon, 1 a	1,238.	18,000 lb	20c/lb	3,600.
Strawberry, 1/4 a	300.	none the first year		
Raspberry, 1/4 a	244.	none for two years		
Bee honey, 5 hives	500.	250 lb	86c/lb	215.
Sweet Corn, purchase	375.	500 doz	\$1/doz	125.
1st yr crop costs	3,779.			
Labor, family only				
Advertising budget	100.			
Scales, used	100.			
Cash Register	100.			
"Rent" of 5 acres	500.			
Use of tractor & tools	125.			
Windbreak trees	150.			
Additional liability insurance	40.			
Green Manure crop	100.			
Total Costs =	4,994.	Total Returns =		\$7,190.
Net returns to family managers =	\$2,196.			

Needed:

Sales tools: Scales and cash register.  
Irrigation pipe to solid set strawberries and water other crops as needed.

Crops:

Potatoes, one acre; tomatoes, 1/2 acre; strawberries, 1/4 acre; muskmelons, one acre. Honey bees are needed for pollination of berries and melons and will produce half a crop of honey the first year. Sweet corn will be purchased from the grower down the road and resold.

If Mrs. S and her family can fulfill this first year projection (see sample projection above), she will have convincing evidence of the possibility of attaining her goals, and the family will have a good start toward the next year's production.

Each year, the projection should be updated, changes should be introduced and errors noted. At the start of each year, a garden plan should be drawn so that a record is kept of each field as to what was planted, spacings, fertilizer applied, diseases and insects encountered, and irrigation

applied; a clear record will help in the rotation plan in the following years.

As plans are made for planting, ample walkspace should be left between the rows. Trampled beds will result if walkways are ill defined because each picker crosses the bed at different sites. Short rows allow maximum access with minimum damage to produce.

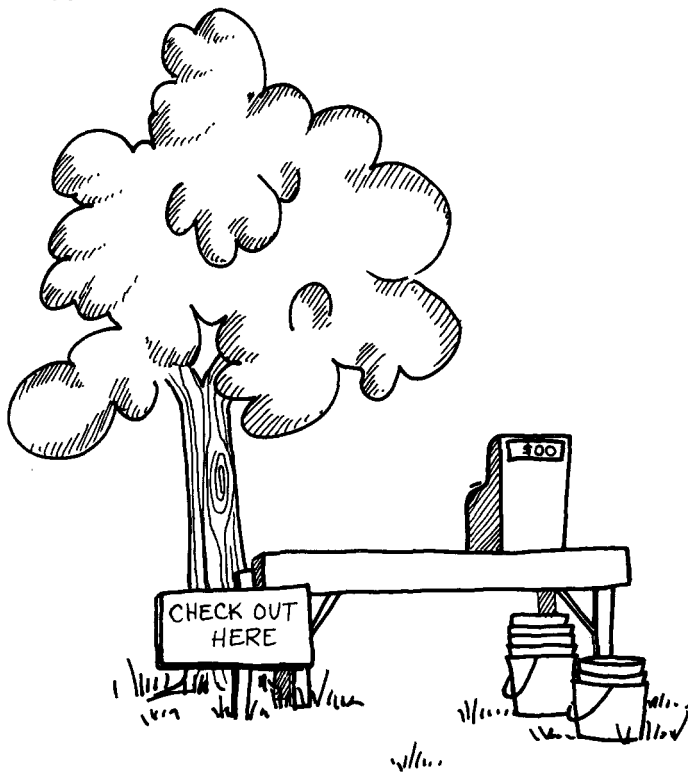
The placement of PYO plots near hazards such as large livestock or ponds must be avoided. If dangerous factors are not out of sight, they should be far enough away that a supervisor will notice when a guest becomes overly curious and leaves to investigate the attraction. Honey bees may be a special problem, being a necessary part of berry and melon management. Since bees are not required at harvest, they might be removed. If removed, they should be taken away several days in advance of the picking day and must be taken at least a quarter mile away. It may be preferable to leave the bees in place and erect a fence in front or around the hives, forcing the worker bees to fly in and out above the level of the harvesters.

Thoughtful growers will keep pesticides and sprayers out of sight and not use them during PYO

hours. A farmer dealing with consumers may try to maintain the image of a manager who does not use such things, but if asked, he or she should be honest and forthright. Of course, growers must use pesticides only on crops for which they are registered and only according to methods and at rates specified on their labels. A written record should be maintained of any and all pesticides used on the farm including the rates, dates, and methods of application.

A packing shed or walk-in refrigerator is usually not required, but some facilities are essential:

**A checkout area** - It should be located between the plots on the way in and out. A picnic table in the shade of a tree may suffice for a small acreage. However, for a busy operation, a portable shed with solid awnings might be constructed so it could be opened on two or more sides when more than one line of customers needs to be checked out.



**A check-in area** is usually closely associated with the checkout—customers will then see where they are to go when they are done picking. In a small operation, one person can usually handle both the checking in and the checking out.

**Containers and carriers** are needed and may be furnished by the customer or by the farmer or sold to the customer by the farmer; in either case it is advisable to specify a uniform container for small items. Most customers have their own five-quart ice cream pails which work well for peas, beans, and strawberries. Easily damaged produce such as berries should not be poured from one container into another.

**A well designed parking area** cannot be stressed enough—the private auto will furnish transportation for the crops. Some operators allow cars to be parked in orchards or near picking fields. However, extra roadways waste farmland and the traffic compacts the soil.

Generally, only one parking lot should be used, preferably located near the check-out area. Supervision and management is simplified and embarrassing car searches are avoided if customers must pass the check-out area on the way to their cars. If a long distance must be traversed or heavy produce must be carried, the farmer might furnish motorized transportation or supply push carts for customers.

The necessary size of a parking lot will depend on the number of customers at peak periods, which will depend on the size of the farm and the mode of operation. For example, one grower near a large city advertises in a big way to be open Saturday at 8 o'clock in the morning. One hundred cars arrive at 8 o'clock, the 200 to 300 customers pick the patch clean and the market is closed by 10 A.M. Another family divides their patch into three areas, one to be picked each day, the patch to be opened for picking all day. With modest advertising, fewer people are attracted over a longer period so that no more than 10 to 15 cars are at the farm at any one time.

The layout of a parking area depends on size, shape and access points. If the area can be entered at one end and exited at the other or if it is wide enough to have two aisles (130 to 140 ft), it may be designed for angle parking and one-way traffic aisles or for perpendicular parking and two-way traffic aisles. If the area is narrow (60 to 70 feet) with only one access point, then the design is limited to two-way aisles and 90 degree parking.

Regular car spaces should be 10 feet wide, but more spaces may be obtained by designating one side of an aisle for compact cars with a spacing of 8 feet. Twenty feet is allowed for the length of regular size cars, 16 to 18 feet for compacts. A space of 30 feet is left open for two-way aisles and about 25 feet for one way aisles. Ginder and Hoecker (1975) diagram a typical lot in their publication.

**Parking spaces should be clearly marked**, otherwise the first autos to arrive may be parked helter-skelter. It is wise to have someone directing parking at least as the first few cars arrive to set the pattern early in the day. For a minimum of supervision, the parking spaces should be marked. Use of hydrated lime to make lines works fine; precast concrete curbs are good for paved or graveled lots, but for a grassy lot, treated wood fence posts or short utility posts are best, as they can be rolled to and fro for mowing and maintenance of the grass.



**Signs are useful** for directing traffic and parking, to direct people to the plots, instructing them how to pick, the prices, and the policies of the farm. A sign message should be short and clear, for example: "The Largest Berries are Hidden Beneath the Leaves" or "Berries Can't be Washed if you Remove the Caps" or "Tomatoes Will Crush if Piled More than Three Deep".

**A place to put money** is vital; a cash register is the obvious choice. It can be used to identify what commodity was sold so that the information can be used to develop a cost and returns budget and other financial statements. One should **NOT** make change from the pocket, for that is a tip-off that financial records are not being maintained and the business probably needs to be audited. Also, cashiers should not allow large sums of money to accumulate in the cash drawer. Helpers should be available at regular intervals to remove excess cash to a safe place.

**Toilets for customers** are essential—probably an ordinary outhouse will suffice, but some modifications should be made to assure that they are not obnoxious. It is suggested that a standard ring and lid be purchased and installed. Sphagnum peat should be supplied to control odors. The structure should be ventilated, screened against insects, and have sufficient light that all can read the directions for adding the peat moss, closing the cover and latching the door. One popular grower gives his outhouse some class by labeling it "Antique Bathroom."

The outhouse must be inspected regularly to keep it clean and maintain the supply of peat moss and toilet paper.

**Some labor** will be required. Though PYO eliminates picking labor, other help is needed to run the operation; someone must direct traffic and parking, manage the customers, and maintain the area. No matter how small the operation, a business cannot be safely operated with less than two persons—even if one does nothing but guard the cash.

As the business grows and employees are added, the policies of duties, cash control, wages and incentives and lines of authority should be established. If labor is hired from outside the family, the grower is reminded of the obligations of income tax and social security withholding, Workmen's Compensation, and the duty to abide by child labor regulations.

Although small farmers are exempt from federal regulations on minimum wages, maximum hours, and overtime pay, it may not be clear whether employment in a PYO operation is an agricultural- or a retail- enterprise. Failure to be in compliance with the law could close the business down as surely as death or bankruptcy! When in doubt, a farmer should request a written and signed statement to clarify the questions in doubt from the Attorney General in Bismarck, the local office of the U.S. Department of Labor or the Internal Revenue Service in Fargo, a tax counselor, or an attorney.

**Proper advertising** is an important part of a functional business and should be a part of the written projections. The public must be informed that a Pick-Your-Own operation is open for business, and enough people must be attracted to move the produce out as it matures. Newspapers are relatively inexpensive and require only a few days notice to enter, change or remove ads. Enough people read the ads that once you gain a reputation, those people will tell their friends or bring them along. A little practice in designing printed ads may enable a manager to move a small amount of produce cheaply or attract a large following to harvest a heavy yield.



Radio and TV advertising has the ability to reach a particular segment of the people if the station knows what its subscriber composition is and at what time they are listening. But one must plan the fare with the station advertising manager well in advance to reserve a place in their programming.

Word-of-mouth advertising is a powerful method, but only if the past customers have had good experiences. Rude employees, poor service, or low quality produce can make word-of-mouth advertising worse than ineffective. One should beware of relying on it.

Road signs may be needed to direct pickers to the farm or to tell them that produce is ready. Road signs often draw people who have not intended to PYO but who would purchase produce that is ready to go. Permanent road signs may be regulated, so it is best to check with local officials before they are designed and erected.

Direct mail is useful if a register is kept of customers who purchased **large amounts** in the **past year**. Out-of-date lists, though, often contain too many names of people who have moved or died to justify the expense. Flyers should be sent well before harvest; letters should direct these good customers to watch the local media or contact the farm by phone for an update on the condition of the fruit or vegetables.

Some farmers furnish postcards so that customers can be informed of certain produce to follow or to remind them of the market for the next year. Note: If customers register on the presumption that they receive a mailing, the manager must make sure that each and every one who registers does receive a letter. Unreliability in this matter may invite much adverse criticism to PYO markets since personal confidence and friendliness is a distinguishing feature of this type of marketing.

**Pricing** of produce is a difficult decision for most farmers starting up a PYO market. In order to make a profit, the farmer must receive a price above the costs of production and marketing; but the actual costs are not known at the time of selling. Most customer-harvesters expect to PYO at a price below what the same produce would be marked at the store; but the same kind of produce at the store may be of different quality from that which is fresh at the farm.

In general, it is advisable to charge as much as the traffic will bear, taking into consideration the quality and prices charged by local grocers. Prices advertised by PYO competitors must be considered also, taking in account differences in produce quality, ease of harvesting, and the competitors' accessibility and services.

It is best to price too high than to err on the low side since it is much easier to lower prices than to raise them. Successful PYO marketers seldom lower their prices directly; if it is found impossible to attract enough customers to move the produce as fast as it matures, the grower may **advertise** quantity sales, women's day, senior citizens' specials, etc. According to Wampler and Motes (1984), advertising is more apt to move more produce than price cutting. Price cutting may even have the adverse effect of arousing customer suspicion of lowered quality.

Farmers, especially growers of perishables, should never feel guilty of profiteering. Extra profits can be placed into a fund to enable the enterprise to survive a flood, drought, tornado, hailstorm, or crop failure due to frost, insects or disease.

**Insurance** is important in any business to reduce risks to a tolerable level. With insurance, one trades a certainty (the small premium) for uncertainty (large potential loss).

Insurance will reduce worries and release funds which the farmer/marketer would otherwise set aside to cover losses. A good agent should help to determine one's needs by considering the market's special characteristics and the owner's financial position. An intelligent agent will also help to prevent losses by making the manager aware of their likelihood and insisting that the manager do something to reduce the probability of their happening.

Property insurance should reflect the current **replacement** costs of buildings and equipment, not just depreciated cost. Of course, one should not over-protect or insure against trivial losses.

Accident and liability insurance is of signal importance! One of the disadvantages in PYO marketing is that the farmer is inviting inexperienced people to come and harvest his crops and play in his fields. Precautions must be taken to prevent them from hurting themselves; if they do, then adequate liability insurance reduces the risk of being financially ruined by them. Lynch (1976) advises to get higher coverage than one thinks he would ever need; it doesn't cost much more than the least one might get by with, but it might save the farmer's shirt, his farm and his future.

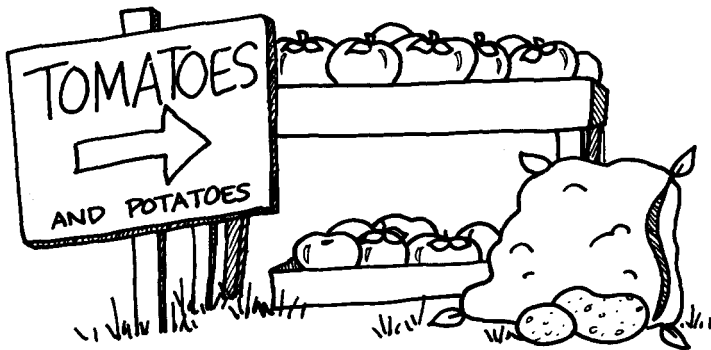
It is not a bad idea to post a sign, "Not Responsible for Accidents"—but this does not free the owner from liability. The courts are becoming increasingly more severe in protecting the public against negligence in places of business. The liability policy should cover: (1) liability judgements, (2) expenses in supplying relief at a time of an accident, (3) costs of defending against lawsuits, (4) the owner's expenses in the investigation,

defense or settlements, and (5) costs of court bonds or interest on judgements that may be delayed by appeals.

Farmers should also have insurance coverage in the event of an accident involving an employee. A farmer may purchase Workman's Compensation, but it may not prevent an employee from suing for further redress if he or she is hurt by the owner's negligence, real or imagined.

Product liability insurance should be investigated as it is not included with farm and ranch policies common to North Dakota. To some extent, producers guarantee the quality of goods sold and so might be sued for injuries allegedly caused by food of poor quality.

Finally, if at all possible, a grower ought to sell more than one kind of produce. One's main item might be asparagus, but the advertising has started people to calling or coming to the farm. Why not make use of that fact by following up with raspberries or sweet corn or melons?



Many vegetable crops simply do not draw customers to farms but will sell readily after people stop to buy tomatoes, berries or honey. One farmer in North Dakota specializes in potatoes. He finds that few people will stop to buy potatoes, but many are attracted to tomatoes. They will stop to purchase a pound or two of the fruit and leave with a 100 lb bag of potatoes, as well.

A longer period of cash flow is a second important reason for having several successive crops to sell. Very few people are able to make a living by working only in the growing season and selling for just two or three weeks while the bills keep coming in for the remainder of the year.

Persons seriously contemplating producing fruits, vegetables, honey, eggs and poultry or other farm produce for their living should consider joining an organization of other small farm producers. They should consult their county agents or Extension Service and Experiment Station specialists for information regarding such organizations in North Dakota, South Dakota, Minnesota, Montana or Manitoba. The exchange of ideas among successful growers and marketers during the meetings often give beginners and experienced producers the ideas to start a profitable enterprise.

A number of publications on the subject of direct marketing are available, but they may be difficult to locate. A few of them are listed below. The authors strongly urge the reader to obtain one or more of them.

#### SUGGESTED READING

- Blakeley, Ransom A. 1979. The Paradox of Pricing for Direct Marketers. Cornell Agricultural Economics Staff Paper No. 79-27. Cornell University, Ithaca, New York.
- Ginder, Roger G. and Harold Hoecker. 1975. Management of Pick-Your-Own Marketing Operations. University of Delaware Cooperative Extension Service, Newark, DE 66 pp. \$250
- Lynch, David W. 1976. Cash from Your Garden - Roadside Farm Stands. Garden Way Publishing, Charlotte, VT. 204 pp.
- Uchtman, D.L. and J.T. Archer. 1981. Direct Marketing by Farmers to Consumers: Some Legal Implications. University of Illinois at Urbana-Champaign. Extension Service Circular 1195. 32 pp.
- Wampler, Ralph L. and James E. Motes. 1984. Pick Your Own Farming. University of Oklahoma Press, Norman, Oklahoma. 194 pp.
- Whatley, Booker T. 1981-1984. Small Farm Technical Newsletters. Box 2827, Montgomery, Alabama.

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