



Understanding Customer Behavior at Farmers Markets

Strategies for Increasing Sales and Customer Satisfaction

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Most small-scale, family farmers enter a career in agriculture because they love to farm. The hands-on, day-to-day production activities are their passion and source of motivation. When it comes to marketing, however, many producers opt for a more passive approach, assuming that if it grows, it will sell.

As the local food movement continues to expand, and competition for the retail market dollar increases, the need for farmers to develop innovative marketing strategies is critical. Data collection shows, for instance, that 350,000 individual people walk through the Union Square Greenmarket on an average day in September. The majority represent a potential sale to a farm business with an effective marketing approach.

What can farmers do to attract more shoppers to their stands? How can farmers actively market their products in and out of the farmers markets? What can farmers do to better understand customer behavior at the market, and how can they use this information to increase customer satisfaction?

By leveraging customer research performed by grocery stores and large scale food retailers, and building on 40 years of institutional knowledge internally, FARMroots created a tool for measuring customer behavior at farmers markets and developed strategies to increase sales and customer satisfaction. Over the past two years FARMroots has used this tool with over 40 producers and implemented strategies to successfully increase their sales at market. Participating farm businesses have shown an average 17.5% increase in gross sales, which represents an additional \$594,000 in yearly revenue across all 40 businesses.

Collecting Customer Behavioral Data

All customers have particular habits, desires, and anxieties that guide their shopping activities. When farmers understand how customers interact (or don't) with their stand, they can shape a customer's experience by creating an attractive, easy to navigate farm stand.

In order to learn how customers behave at a farmers market, FARMroots staff collected primary data using a three person team at each farm stand. We collected data at 4 fundamental stages of customer interaction:

EXPOSURES: The total number of people that pass in front of the farm stand.

IMPRESSIONS: The number of people walking in front of the stand who notice the stand.

CONSIDERATIONS: The number of people who notice the stand and consider making a purchase.

PURCHASES: The number of people who complete a purchase at the farm stand.

The process of data collection is further explained in the following graphic:

Draw a mental line from the middle of a farmers stand into the walkway and measure anybody who crosses the line, in either direction. Be cognizant of people who pass the line, reverse their direction, and pass over the line again. They should not be counted twice.

Watch customers from up to 20 ft from a farmers stand, noting where their line of sight falls. If for any moment their line of sight falls on the farmers stand, mark them down as an impression.

The difference between a stop and an impression is that the shopper is transitioning from merely noticing a stand to considering making a purchase. Watch for a customer that slows down, changes their direction to come towards the farm stand, or approaches the stand and starts browsing.

Note if customers showed interest in buying something but then decided against it. Also note how market staff interacts with and engages customers.

Tools and equipment: Each person should be equipped with a hand tally counter, a watch, and a data collection sheet (example on next page). At the end of each 10 minute segment numbers from tally counters should be transferred to the data collection sheet.

Staffing: Ideally, there are 3-4 staff people available for the study. One person measures the exposures, two people measure impressions and stops (coming from each direction), and if available the fourth person measures purchases and takes additional notes on staff-customer interactions, types of purchases, etc.



The average conversion rates measure the average number of people who moved from one data point to the next. In this case, the data point shows the conversion rate from total foot traffic (exposures) to impressions. On average, 31.64% of total foot traffic had an impression of the stand.

Data recording is broken up into 10-minute segments.

CUSTOMER: Sample							FARMROOTS DATA ONLY		
DATE: 5/13/2016		TIME: 9:38-10:38		WEATHER: 72, partly sunny					
Exposures: How many customers pass in front of the farmers stand									
1-10 MIN	10-20 MIN	20-30 MIN	30-40 MIN	40-50 MIN	50-60 MIN	NOTES	TOTAL (HR)	AVG./10 MIN	AVG. CONV. RATE
327	316	385	357	406	393	about 40% more traffic from north	2184	364.0	n/a
Impressions: A passing customer takes some notice of the farm stand through eye contact									
1-10 MIN	10-20 MIN	20-30 MIN	30-40 MIN	40-50 MIN	50-60 MIN	NOTES	TOTAL (HR)	AVG./10 MIN	AVG. CONV. RATE
77	90	159	152	143	70		691	115.2	31.64%
Considerations: The customer stops to look at the farm stand or enters into the farm stand space									
1-10 MIN	10-20 MIN	20-30 MIN	30-40 MIN	40-50 MIN	50-60 MIN	NOTES	TOTAL (HR)	AVG./10 MIN	AVG. CONV. RATE
15	20	26	27	35	32		155	25.8	22.43%
Purchases: The customer makes a purchase at the farm stand									
1-10 MIN	10-20 MIN	20-30 MIN	30-40 MIN	40-50 MIN	50-60 MIN	NOTES	TOTAL (HR)	AVG./10 MIN	AVG. CONV. RATE
7	5	10	8	12	11	only 6 apple purchases	53	8.8	34.19%

Our four data points are divided into sections here.

The notes section is an important place to record information, such as which products sold well, whether sampling was done, or what direction the majority of customers were coming from.

This data point shows that 22.43% of people who had an impression of the stand slowed down or stopped to consider making a purchase.

Using Data to Develop Marketing Strategies

After data has been collected, there are a number of different strategies that farmers and market operators can use to increase conversion rates between different stages of customer interaction and generate additional sales. Below are some of the most impactful strategies identified through our research:

IMPRESSIONS

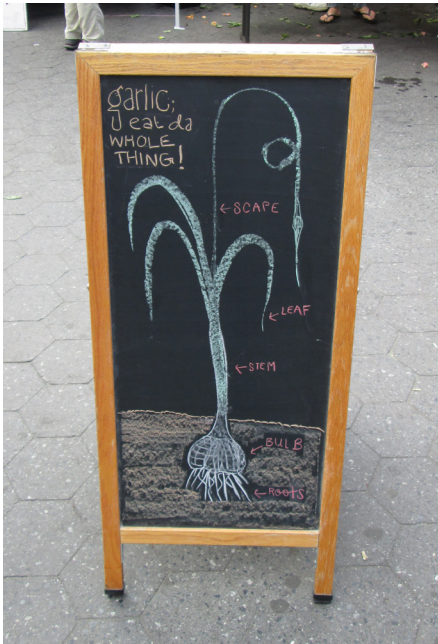
1. **Use vertical signage and bright colors (bottom left):** a customer's eye is drawn to vertical strips of text when they are moving. This breaks up the eyes' natural tendency to scan horizontally down a market row. Consider using your tent poles to post vertical signage that will get people to notice your farm stand.
2. **Create dimension and use color blocks (top):** Don't forget there are 3 dimensions to your farm stand! Try tilting your display crates forward using wood blocks or creating custom "stair displays" to take advantage of your space. Create blocks of color with your products to make your stand more appealing. Yellow is the color the human can make out from the farthest so put

those bright squashes in the most visible corner!

SUCCESS STORY: For one participating producer who wanted to move more potatoes, a few empty berry pints were placed under one side of his display crate, effectively tilting the entire display up and forward. The producer saw an 11% increase in impressions as a result of this simple adjustment.

3. **Create a Bounty (bottom right):** Customers hate buying the last of anything, as it gives the impression that it has been picked over and rejected by those before them. Make sure your products are always consolidated and bountiful. Some products, like ripe peaches, don't do well when stacked in deep crates, so consider placing an insert in your crate to create the effect of a mountain of peaches.





CONSIDERATIONS

1. **Good signage** (above left): A good sign is simple, readable, durable, and informative. Without clear pricing signs, sales drop as customers are embarrassed to ask for pricing information. Make it easy for them!

SUCCESS STORY: A participating producer had previously used index cards and a sharpie marker for pricing signs. Staff created new, laminated signs with the farm's logo, a product description, and clear pricing. Considerations increased by 17%.

2. **Increase Sensory Appeal** (above center): Customers want to touch, smell, and taste products. As much as possible, have samples out during key times of the day. If having samples every day is too costly, you can advertise and host a cooking demonstration with recipe cards once a month. Or consider a relevant display, like a patch of grass for your pastured beef, or a jar of grain for your freshly baked bread. Please check with your market manager regarding sampling rules before proceeding.
3. **Tell your farm story** (above right and right): Your market stand is a direct reflection of your brand, so do your best to make sure it tells the story of your farm. Are you growing your grandma's heirloom seeds that she brought from Italy? Are you a fourth generation farmer? Or a young city transplant getting back to your farming roots? Whatever your story, make sure it is reflected in your branding. Take advantage of every opportunity to include your logo on your product. Stickers and stamps are a great way to do this!





more, increasing your per customer purchase quantity. They can also give you honest feedback and help you gather other important information about your customer base.

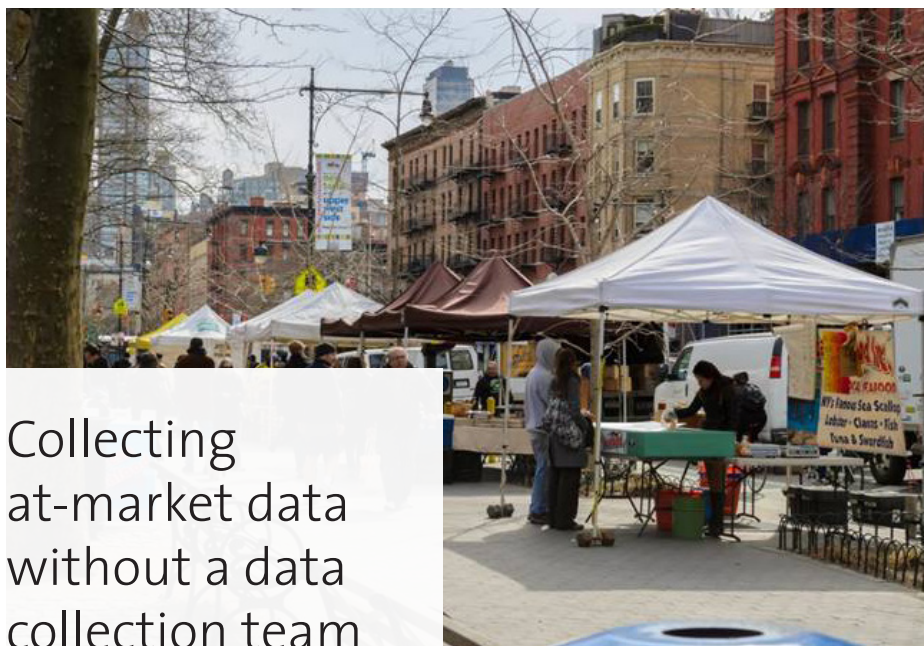
SUCCESS STORY: A loyalty card created for a livestock producer helped increase his per purchase sale quantity by nearly 40% as customers strove to meet loyalty card thresholds.

PURCHASES

- 1) **Provide Excellent Customer Service** (left, top): As an active retailer, you should be engaging each customer that comes to your farm stand. Ask them, “How are you? Are you planning on cooking tonight? Did you know this is the last week of asparagus?” Customer engagement increases sales. Drop the cell phone and get out of your seat! People remember the way you make them feel. If there is a line waiting to check out, make sure you acknowledge each person and tell them you will be with them shortly.
- 2) **Loyalty Cards** (above): Loyalty cards reward customers for shopping with you regularly and create long lasting relationships. When customers feel invested in your business, they tend to purchase

- 3) **Make a Deal** (left, bottom): Deals are a win-win. The customer feels great about their purchase, and the farmer gets the sale. Try a 2-for-1, a bundle, discounts for large purchases, or a deal of the day. You can use deals to increase the impact of your online marketing efforts by offering discounts through social media and tracking how many people use them. Having a mailing list or social media following can be particularly helpful during bad weather days. You can send out an email or post letting your customers know that you are at market and that you are having a ‘bad weather discount’!





Collecting at-market data without a data collection team

Not every farmer or farmers market team can devote three staff to data collection for an hour. Just having one volunteer, friend, or extra staff person spend an hour with you at market can be very helpful! Even if it's just one person, a farm business can still collect plenty of useful information on its own. Businesses can start by gathering informal data on customer behavior and creating a profile of who shops at their farm stand. You can also do an observational study with a particular goal in mind, such as "why is my cider not selling?" and seeing if you notice any patterns. The following questions are important to keep in mind throughout the market day:

WHICH DIRECTION DID THIS PERSON COME FROM?

Knowing from which direction the majority of customers approach can have huge implications for a market stand. Signs can be put facing in that direction, plastic bags can be hung on that side of the canopy, and samples can be put on that end of the table. An entire farm stand can even be re-oriented to appeal to that direction of foot traffic or signage can be put on the less popular side guiding people to products of interest. All of this will help increase customer impressions.



Tip!

Walk by your stand (or ask a friend) and quickly glance over. What catches your eye? Can you quickly tell what products are for sale? If the answer is "no," then try taking things out of harvest crates, adding signage and/or shifting eye catching products to the edge of your table. Now try walking by again!

▲ IS MY STAND EASY TO NAVIGATE?

Are there any obstructions in the customer's view or walkway to my stand? Any inconvenience can drive a customer away. Make sure there is a clear entry point to your market stand and that the entrance is big enough for all customers. People with backpacks, baby carriages, and market carts might be deterred if they don't think your stand has the space to fit them.

SUCCESS STORY: When a participating producer changed her checkout location from one side of her market stand to the other, removing a sidewalk bottleneck, sales increased by 15%!



ARE CUSTOMERS IN MY STAND APOLOGIZING TO EACH OTHER, MISPLACING BAGS, OR CONSTANTLY LOOKING OVER THEIR SHOULDER?

Behavior like this often indicates that customers are anxious about being in your market stand, and anxious customers don't stick around for long. There may not be enough space, or clearly delineated checkout lines, or the products might be difficult to reach and/or find. Customers, generally, will not reach more than 3 ft to grab an item, so make sure it falls within this sweet spot.

SUCCESS STORY: A participating producer made a simple adjustment to their table orientation, shifting one table from the inside of their stand to the outside, which opened

up a clear entry point to their stand. Exposures increased by 13%.

ARE PEOPLE IN MY STAND ASKING ME FOR PRICES OR THE NAME OF MY FARM?

If so, chances are your pricing and farm signage need some work. Questions about pricing take time to answer and can be tiring over long days. Your signs should act as silent salespeople and save you time, attention, and energy. Poorly made and difficult to read signs deter people from shopping, as customers are hesitant to ask for prices. A good sign is legible, and has key information, such as the farm name product name, and its price.

Tip!

Pay attention to customer suggestions, and note whether customers notice changes you make. If you are unsure about changing something, try asking some of your customers, and remember you can always change things back!

SUCCESS STORY: A dairy producer who was selling milk in gallon and pint containers listened to customer suggestions to develop a quart size. Sales increased by 15% over the course of the year.

IS A PARTICULAR PRODUCT CHRONICALLY UNDERSOLD?

Try moving its location within your market stand, making it more prominent through layers and use of dimensions, or offering it in a different size or format. Also try offering a deal to see if you can stir up sales. Make a subtle suggestion by placing complementary products next to each other, including a recipe card, instructions on how to prepare the product, nutritional information, or a fun fact.

SUCCESS STORY: A participating producer with delicious apple cider increased his sales by 8% by creating a "grab-and-go" sized container and prominently displaying the cider at the front of his stand.

Operating a direct retail farm business is extremely hard work. From production to distribution to record keeping and business planning, small farmers often have to do it all. Strategic marketing might be at the bottom of a farmer priority list. However, as this report has detailed, armed with a keen eye, some new

tricks, and a basic understanding of how customers behave in retail situations, farmers can simply and effectively increase sales and customer satisfaction. Whether you're a farmer looking to increase sales or a market operator looking to increase shoppers, we hope you can use this guide to achieve your goals!

A project of:



With support from:



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