

## **Nuffield Report: 2011 Associate Scholar Djuke van der Maat (The Netherlands)**

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### **Study:**

*'The successes and failures of selling by farmers directly to consumers'*

### **Summary:**

The successes and failures of selling by farmers directly to consumers was studied with a detailed investigation of the '4 Ps' of the marketing mix.

- 1) In the beginning, farmers usually start with their own produce. Later on, processed products are added and, after that, products from elsewhere will be also sold. In tourism areas, this last category of products takes over, while at the same time the agricultural character of the farm shops decreases.
- 2) Farmers who produce a variety of fruits and vegetables usually also organise non-agricultural activities - such as pick-your-owns, restaurants and wineries. At Farmers Markets, the difference between 'own' or 'local' products and products from elsewhere is harder to see. National regulations about food safety and national food habits, also highly influence the product range.
- 3) Prices at Farmers Markets and in farm shops are mainly the same, or a little bit above supermarkets. Exceptionally, in Canada, consumers were willing to pay much more than in supermarkets because of the 'natural', 'no sprays', local, quality and taste of farmers' produce. Supermarkets in Canada, much more than in The Netherlands, focus on quantity and price which results in a clear difference between supermarkets and Farmers Markets/farm shops.
- 4) Price competition mainly happens in tourism areas, with many farm shops carrying the same product range. Farmers at markets and in farm shops strikingly don't work a lot with offers and savings.
- 5) 'Place' influences which products can be grown in the area. Consumers are willing to travel and pay for exclusive products or products that are typically popular in the home country – e.g. traditional cider in Wales, home-grown fruit in Ireland, good meat in Canada. Only in these cases, it doesn't matter where a farm shop is located and how far away it is from the consumer.
- 6) Besides the product, the 'farm experience' also influences the success of a farm shop, whereas with Farmers Markets the important factors are mainly accessibility and the amount of parking places.
- 7) Besides the '4 Ps' of the marketing mix, 'the person' is extremely important for successfully selling to consumers. He/she is the personification of their product and this passion is essential for being successful with consumers. Although, also important is good staff. Motivation', 'responsibility' and 'development' are keywords in finding and keeping good staff. Many entrepreneurs indicated that they all wanted to do much more work than would be good for them to do, so delegation was recognised as being hard to implement.
- 8) A successful entrepreneur knows his target group of consumers very well and he knows at which key points his focus should be – i.e. health, quality, taste, good value and storytelling.

9) A successful entrepreneur knows the market, knows the price and his margin. In the case of a niche market, they have to ensure that their product really is exclusive. They know their advantages and can choose their targets accordingly.

10) A successful entrepreneur chooses a story for his brand. He knows his position in the market, and is satisfied with his brand and its marketing. Product and the brand constantly have to be developed a bit more.

11) The importance of marketing and branding has been recognised by every interviewed entrepreneur. Therefore, it is bizarre that only a few entrepreneurs have a marketing grade. Most companies do not have a clear marketing plan or marketing budget. Yet most people agree that, should the company be sold, 'the brand' would be valuable.

12) A good leader and entrepreneur will accept that he makes mistakes. He is able to trust and his communication, actions and behaviour tell the same. Leadership is not about power, knowledge, intellect and IQ. It is about EQ, trust, sharing, consideration, passion and self-reflection. A successful entrepreneur reflects his emotional status, his focus, interaction with others and how far he still thinks in opportunities.

13) The future for farmers who sell their product directly to consumers seems to be bright. Being local and providing information about the origin of a product seem to become more popular than ever.

14) By giving trust, giving a clear and honest story, the consumer develops to being even more demanding and expects to get products and services that suits him. And, the consumer impatiently 'wants it now'.

15) Other future trends to take into account include social media, greening, sustainability and working together with other parties – farmers.

## **Report**

In this Nuffield study the successes and failures of selling by farmers, directly to consumers has been studied with the four P's of the well-known marketing mix.

In the beginning farmers usually start with their own produce. Later on processed products are added and after that also products from elsewhere will be sold. In touristic area's these last category of products take over, while at the same time the agricultural character of the farm shops decreases. Farmers who produce five different sorts of fruits/ vegetables, usually also organise (non-agricultural) activities like pick-our-owns, restaurants, wineries and so on. At farmers markets the difference between own / local products and products from elsewhere, is harder to tell. National regulations about food (safety) and national food habits, highly influence the product range.

A successful entrepreneur knows his target group of consumers very well and he knows at which key points his focus is (i.e. health, quality, taste, good value and storytelling).

Prices at farmers markets and in farm shops are mainly the same or a little bit above supermarkets. Exceptionally Canada where consumers are willing to pay much more than in supermarkets because of the 'natural', no sprayings, local, quality and taste of farmers produce. Supermarkets over there, much more than in The Netherlands, focus on quantity and price, which results in a clear difference in products between supermarkets and farmers markets/ farm shops. Price competition mainly happens

in (touristic) areas with many farm shops with the same product range. Farmers at markets and in farm shops strikingly don't work a lot with offers and savings.

A successful entrepreneur knows his market and knows his price and the related margin. In the case he has chosen for a niche market, he has to take care his product really is exclusive.

"Place" influences which products can be grown in the area. Consumers are willing to travel (and pay) for exclusive products or products that are typically popular in the national food behaviour (traditional cider in Wales, home grown fruit in Ireland, good meat in Canada). Only in these cases it doesn't matter where a farm shop is located and how far away it is from the consumer. Usually these farm shops are minimalistic in their equipment. Besides the product, also the way of 'farm experience' influences the success of a farm shop. With farmers markets important location factors are mainly accessibility and the amount of parking plots.

A successful entrepreneur knows his surrounding and knows his local advantages. With that he can choose his target. Then it is important to check whether the target really suits. Also local community involvement has been seen as an essential part of a successful company.

The importance of marketing and branding has been recognized by every interviewed entrepreneur. Therefore it is bizarre that only a few entrepreneurs have a marketing grade. Most companies do not have a clear marketing plan of marketing budget. While most people agree that when the company would be sold, the brand should be the most valuable. Usually farmers markets promote themselves, the farmers at these markets do not.

A successful entrepreneur chooses a story for his brand. He knows his position in his market, is satisfied with his brand and marketing, which perfectly suit him. Product and the brand constantly have to be developed a bit more.

Besides these four P's of the marketing mix also the Person is extremely important for successfully selling's to consumers. He is the personification of his product and his passion is needed for being successful to consumers. As well as good staff, which is seen as THE most important for a successful company. Motivation, responsibility and developing are keywords in finding and keeping good staff. Many entrepreneurs indicated that they all wanted to do much more work than would be good for them to do. Delegation has been recognised as being hard to implement.

A good leader and entrepreneur accepts that he makes mistakes. He is able to trust and his communication, actions and behaviour tell the same. Leadership is not about power, knowledge, intellect and IQ. It is about EQ, trust, sharing, consideration, passion and self-reflection. A successful entrepreneur reflects his emotional status, his focus, interaction with others and how far he still thinks in opportunities.

The future for farmers who sell their product directly to consumers seems to be bright. Being local and information about the origin of products seem to become more popular than ever. Giving trust to consumers, giving a clear and honest story. The consumer develops to being even more demanding and expects to get products and services that suits him well. And the consumer impatiently 'wants it now'. Other (future) trends to take into account are modern (social) media, greening, sustainability and working together with other parties (farmers, government, other businesses).

An entrepreneur that successfully sells his product directly to consumers stands in the heart of his society. He knows what is going on, his role in there and what he wants. The successful entrepreneur is



highly communicative and has invested well in his branding and in good staff. His resilient company has recognizable unique selling points. The entrepreneur is the personification of his product and his company. He has passion, is enthusiastic, takes risks and his responsibility. He focuses, dares to trust and self-reflect. He never stands still but always develops himself, his company, his brand and his product.

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