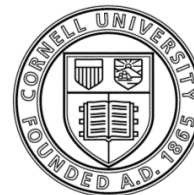


# The Marketing Channel Assessment Tool for Small-Scale Producers

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**Cooperative  
Extension**  
Tompkins County

# Opportunity is knocking...

CSA

Farmers' Market

U-Pick

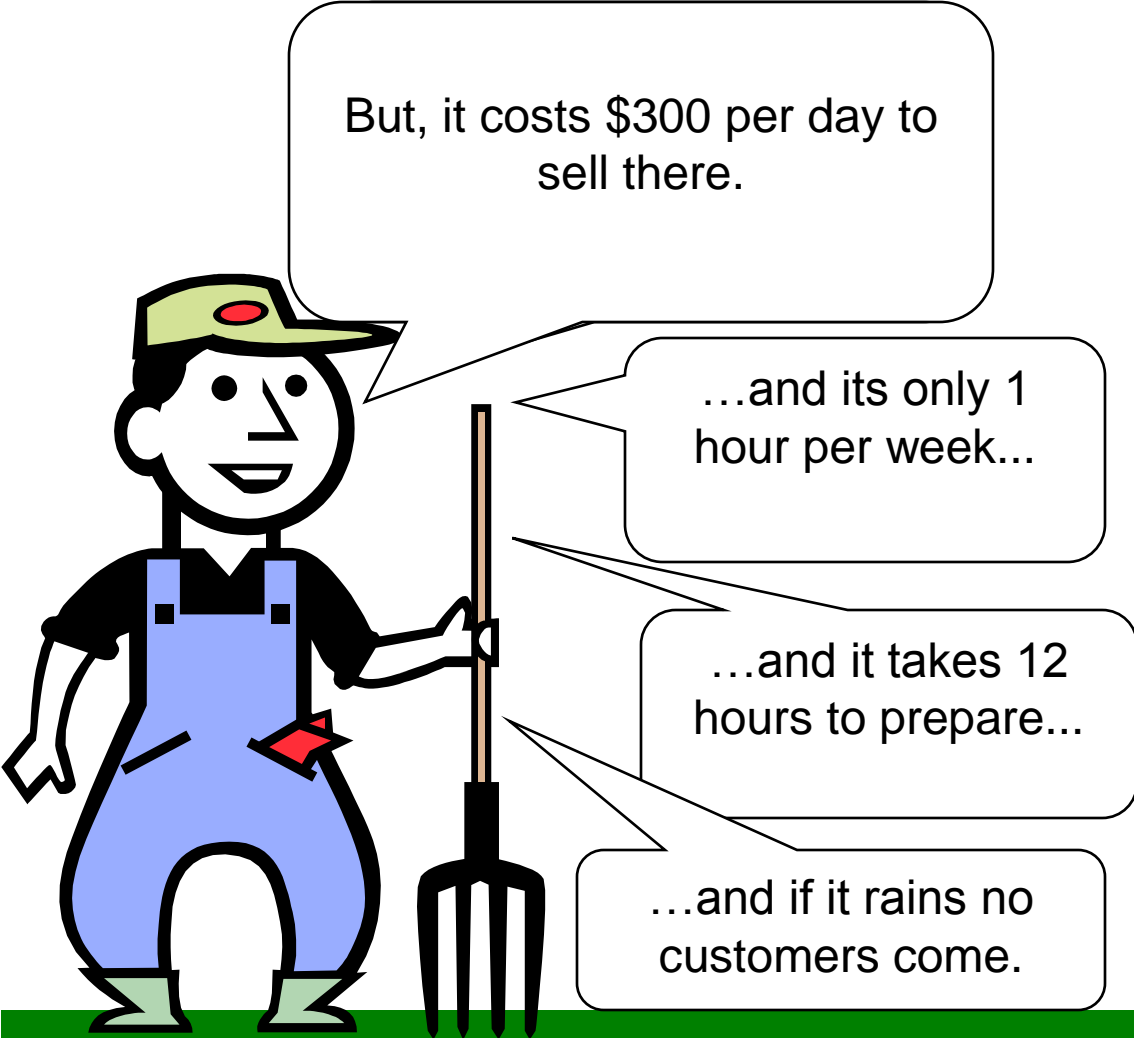
Restaurant

Grocery

Cooperative

Distributor

Farm Stand



But, it costs \$300 per day to  
sell there.

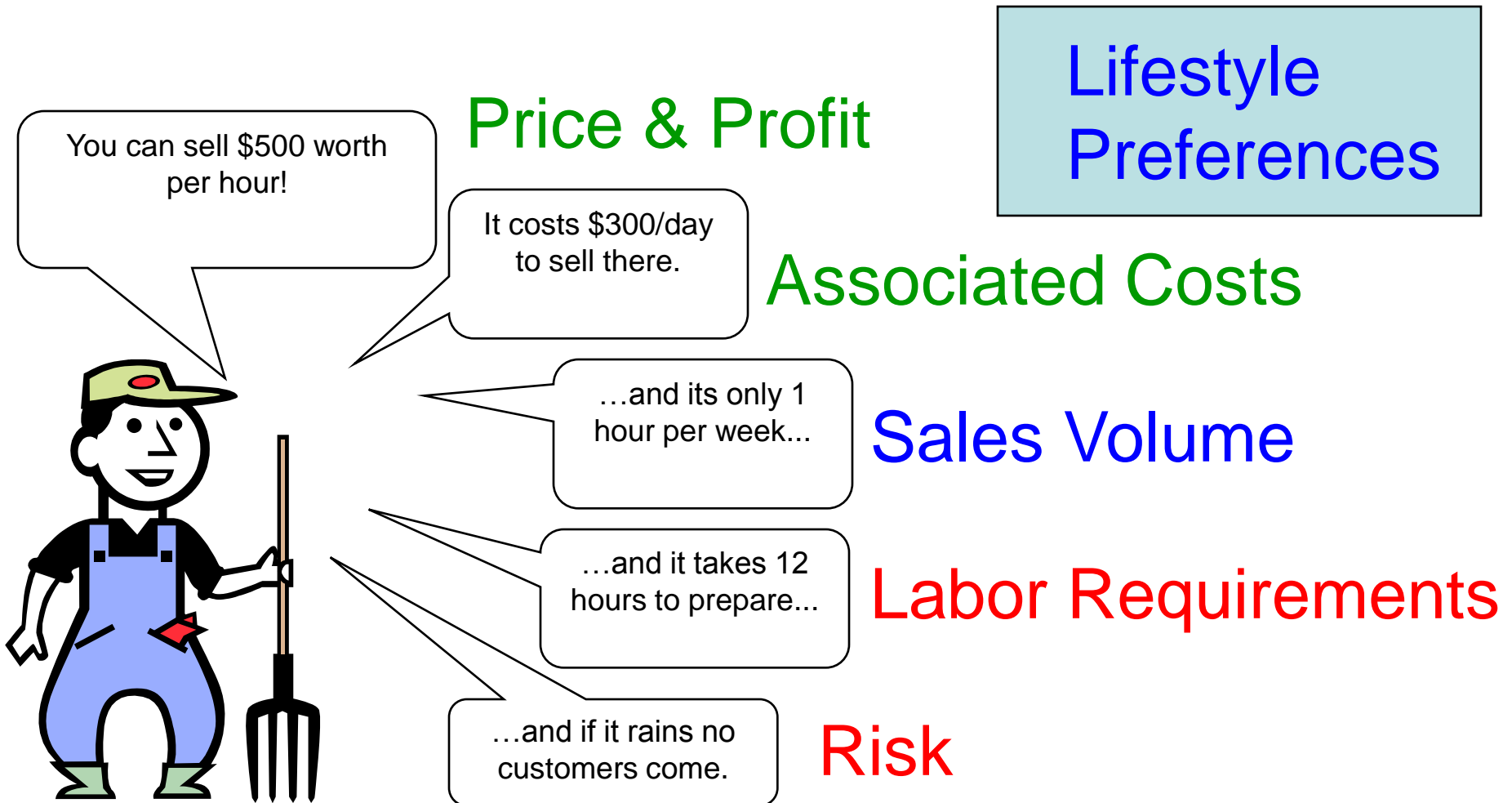
...and its only 1  
hour per week...

...and it takes 12  
hours to prepare...

...and if it rains no  
customers come.

# How do you evaluate a market opportunity?

Six interacting factors impact the “performance” of a marketing channel including:



# Muddy Fingers Farm

- Diverse vegetable & fruit production.
- Farmers' markets, CSA, & restaurants.
- No paid labor, 6 working shares, family & friends that volunteer.
- 2.5 acres in production.
- Over 45 crops.



# Methodology

- Collect logs of all marketing labor (from harvest to sale) for one typical, peak season week.
- Collect gross sales & mileage for the week.
- Collect ranking on lifestyle & risk.
- Collect weights for each ranked category.

## Why labor logs?

- Labor is the largest marketing expense.
- Consistent unit and format.
- Operators tell hired help to complete the forms.
- Each employee filled out their own sheets.

# Labor logs

Farm name

Name:

Joe

Date:

8/5

Time spent (to nearest 15 min):

45

Vegetable(s):

kale & chard

**Activity: Check all that apply**

Create Pick list    Harvest    Cull/grade/sort/wash    Bunch/Bag/Package/Pack orders/boxes

Load/unload truck

Travel to/from market/make deliveries

Bookkeeping/Bills

Sales calls

Sales Time/Set up/Take down

Other (please describe) \_\_\_\_\_

**Product Destination: Check all that apply** (when possible, please write name of biz)

CSA

Restaurant \_\_\_\_\_

Ithaca Farmers' Market

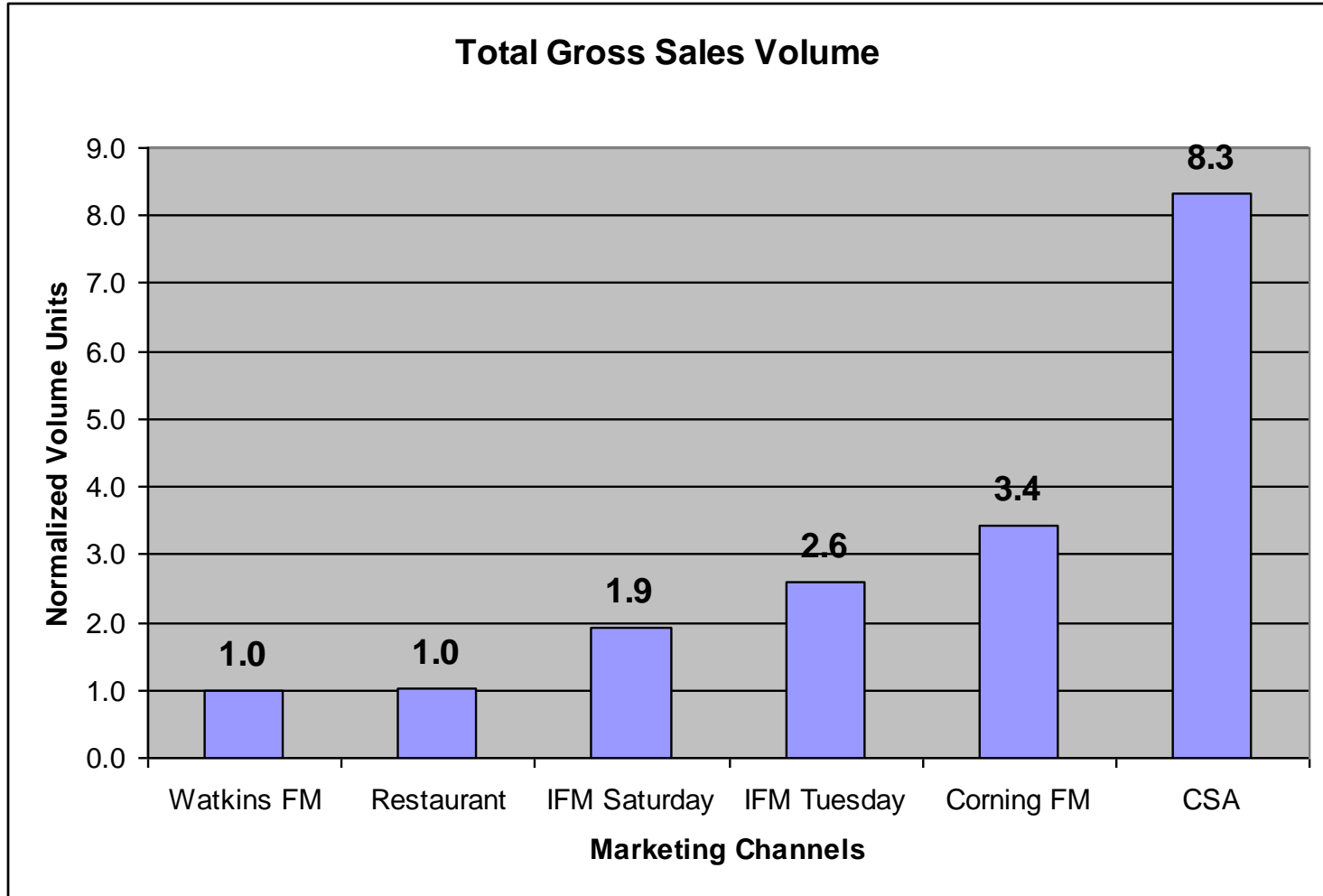
Other \_\_\_\_\_

Harvest → Process & Pack → Travel & Delivery → Sales time

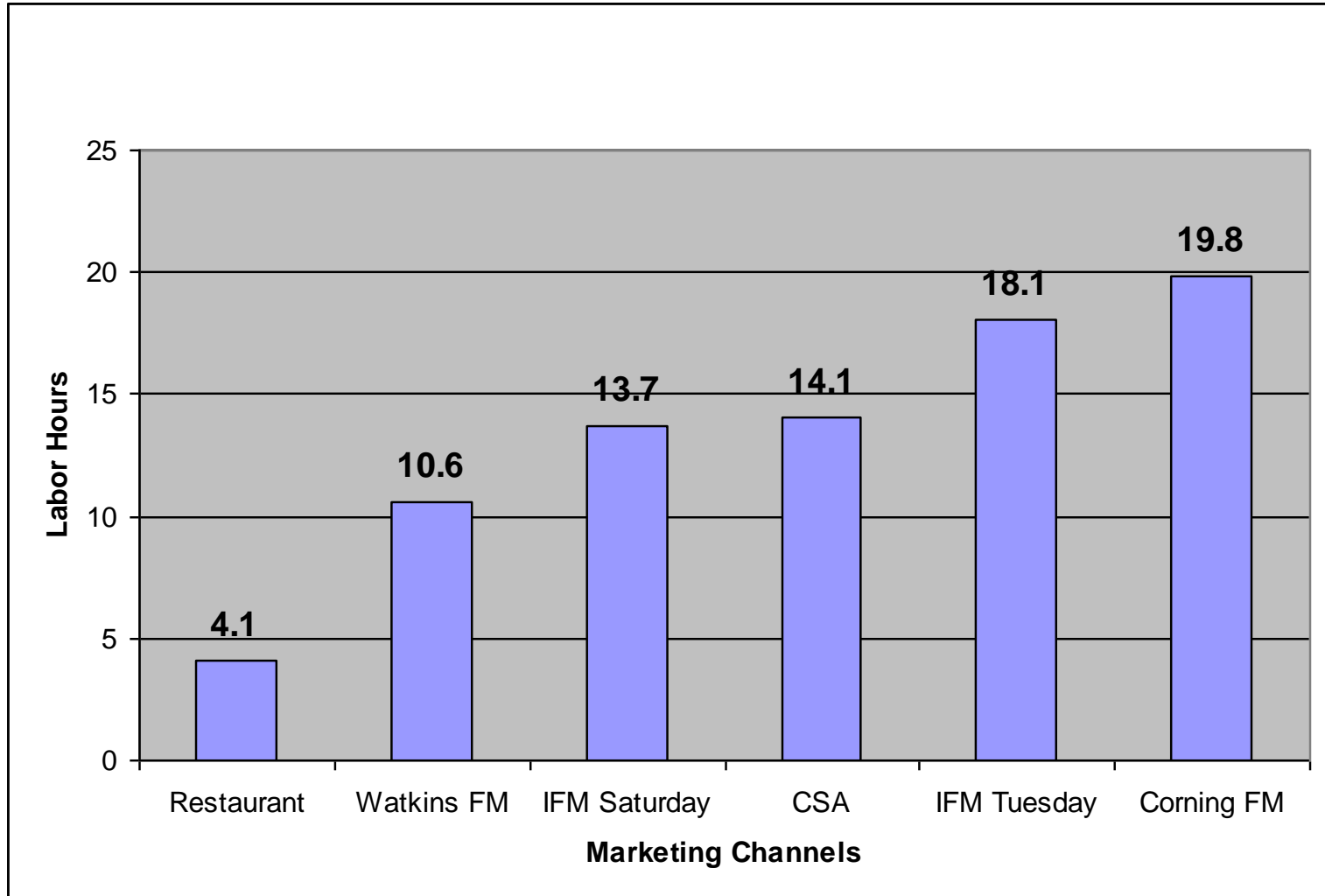
# Methodology

- Use data to rank and compare channels:
  - Profit (gross sales – (labor + mileage cost))
  - Labor hours required
  - Sales volume
- Also use farmer ranking for :
  - Risk perception (financial risk, lost sales, etc...)
  - Lifestyle preference (enjoyment, stress aversion)

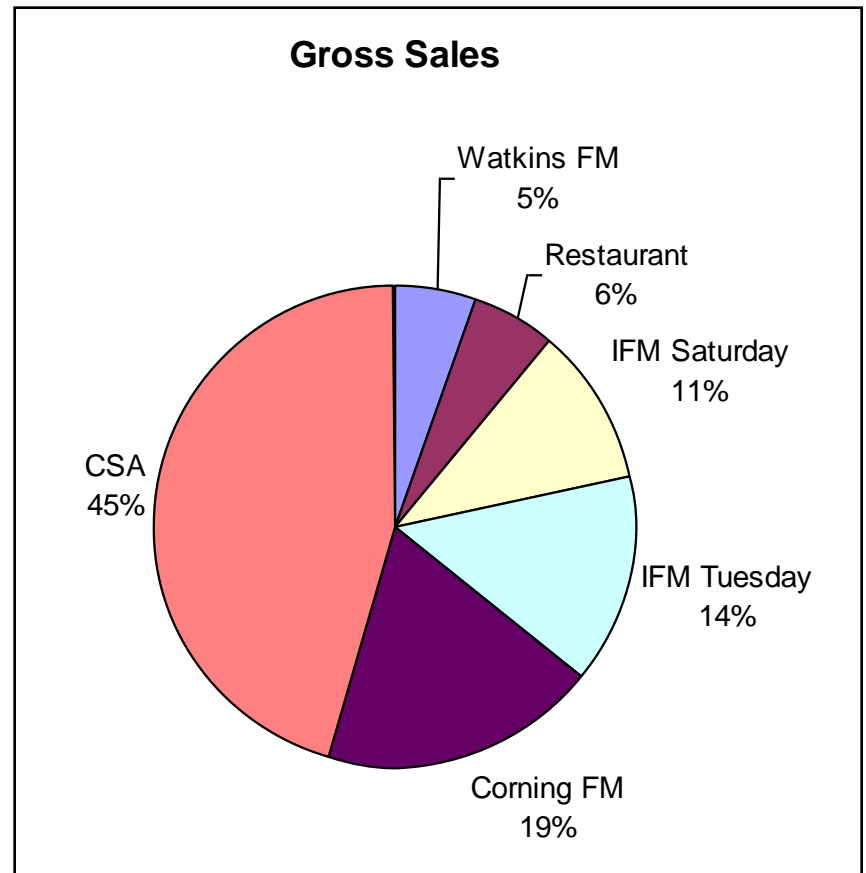
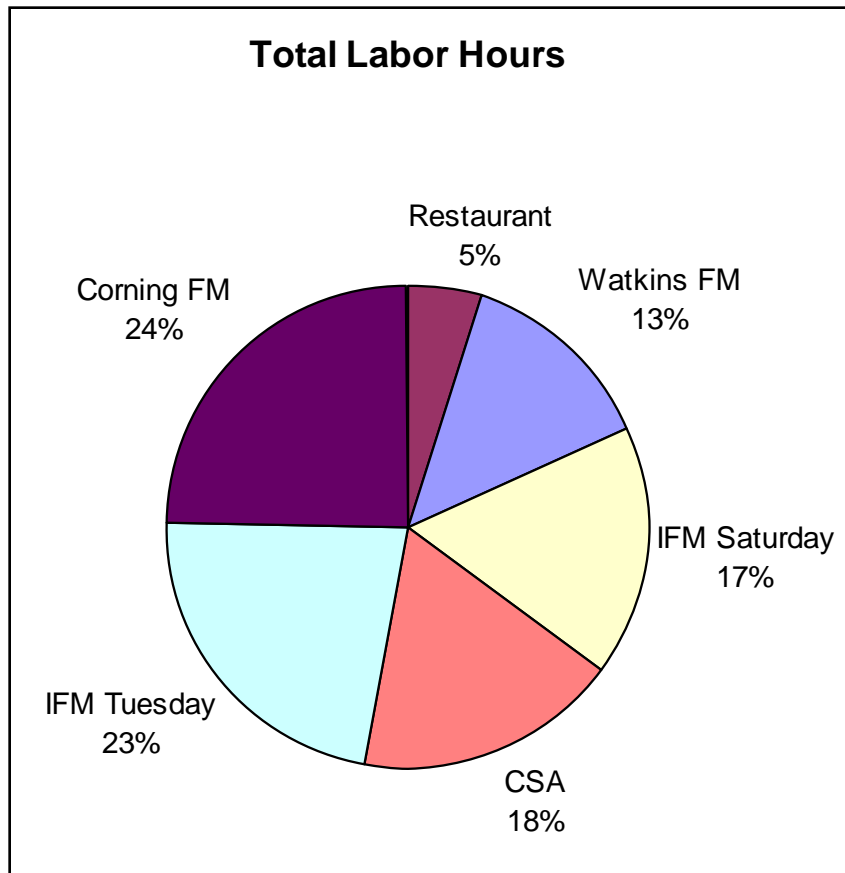
# Sales Volume by Channel



# Total Labor Hours



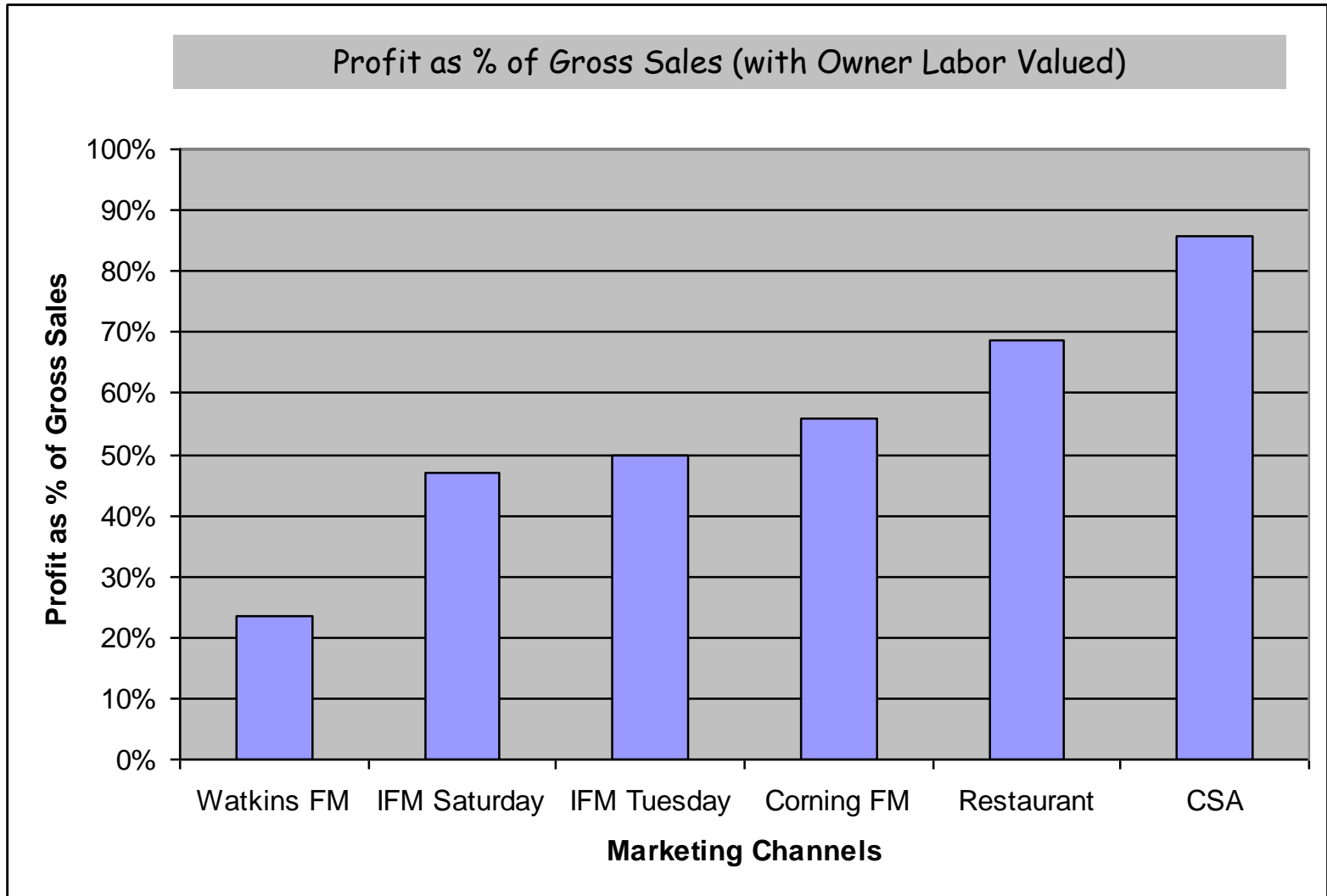
# Simple Comparison of Labor & Sales



CSA: 18% of weekly labor, 45% of weekly gross sales.

Watkins Glen FM: 13% of weekly labor, 5% of weekly gross sales. (or 8%)

# Profit



# Risk & Lifestyle

Channel	Farm Mkt.	CSA	Restaurant	
Risk	2	1	2	

Channel	Farm Mkt.	CSA	Restaurant	
Lifestyle	1	1	1	

- G. Please assign a “weight” to the importance that you feel each factor used to evaluate a marketing channel deserves. For example, if you don’t care about profit and are very concerned about how much labor a channel takes, you would assign a low weight to “profit”, and a high weight to “labor required.”

	Profit	Labor Required	Business Risk	Lifestyle	Volume	
Weight	0.3	0.2	0.1	0.3	0.1	= 1

# Channel Ranking:

Based on 5 factors and farmer chosen weights.

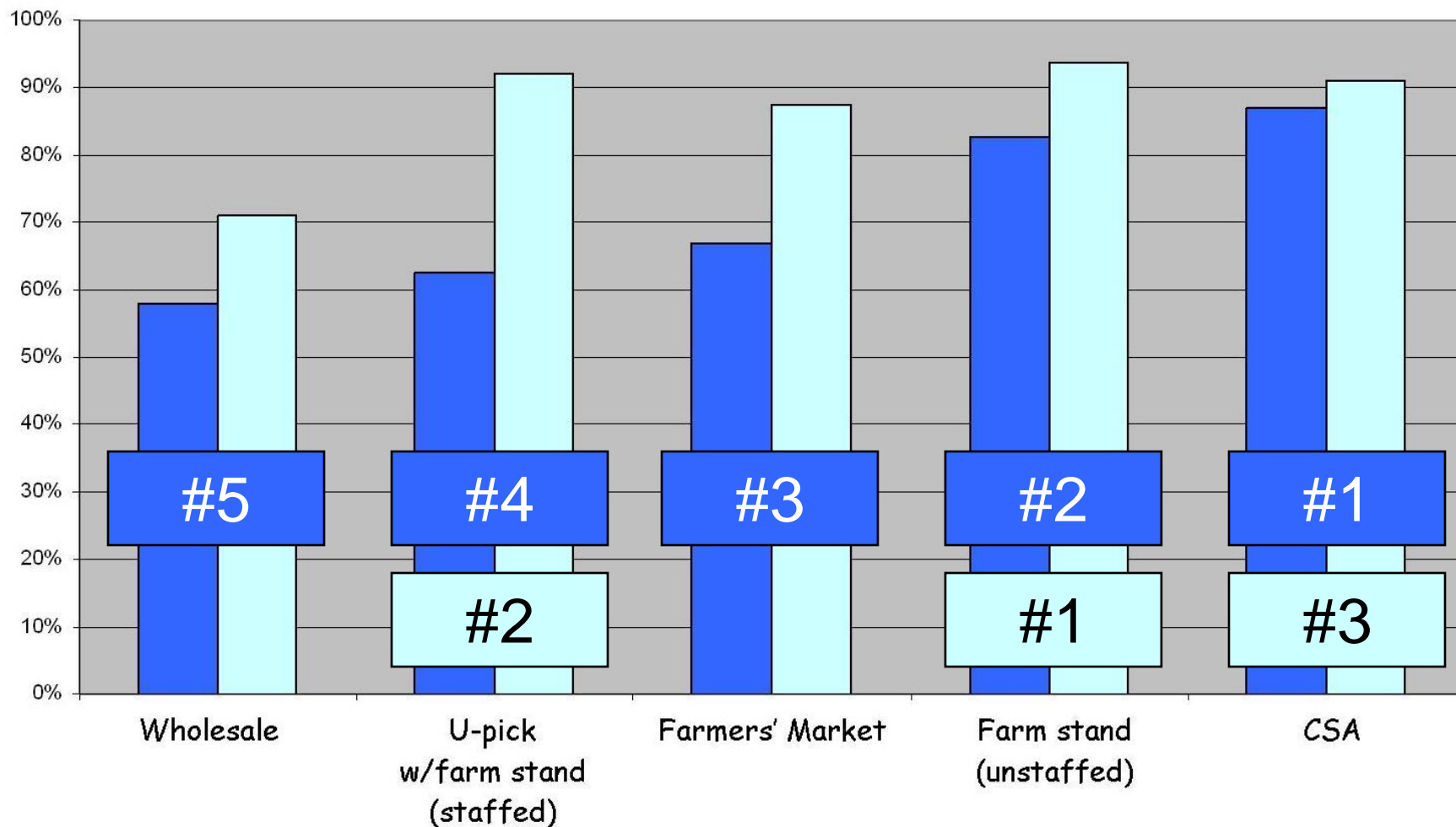
	Sales Volume	Labor Hours	Profit Margin	Financial Risk	Lifestyle	Final Scores	
	Rank	Rank	Rank	Rank	Rank	Unweighted	Weighted
<b>IFM Tuesday</b>	4.9	5.4	3.9	2.0	1.0	3.4	3.2
<b>IFM Saturday</b>	5.4	4.0	4.1	2.0	1.0	3.3	3.1
<b>Corning FM</b>	4.3	6.0	3.4	2.0	1.0	3.4	3.2
<b>Watkins FM</b>	6.0	3.1	6.0	2.0	1.0	3.6	3.5
<b>CSA</b>	1.0	4.2	1.0	1.0	1.0	1.6	1.6
<b>Restaurant</b>	6.0	1.0	2.4	2.0	1.0	2.5	2.0

# Practical Application: Marketing Decisions

- Muddy Fingers Farm has been considering a marketing change, what should it be?
- Could drop the Watkins Glen Farmers' Market and add 12 shares.
- Weekly gross sales remain equal.
- 8-9 hours/week less labor.

# Profit

Four Farm Average Profit as % of Gross Sales with Owner Labor Valued Versus Not Valued

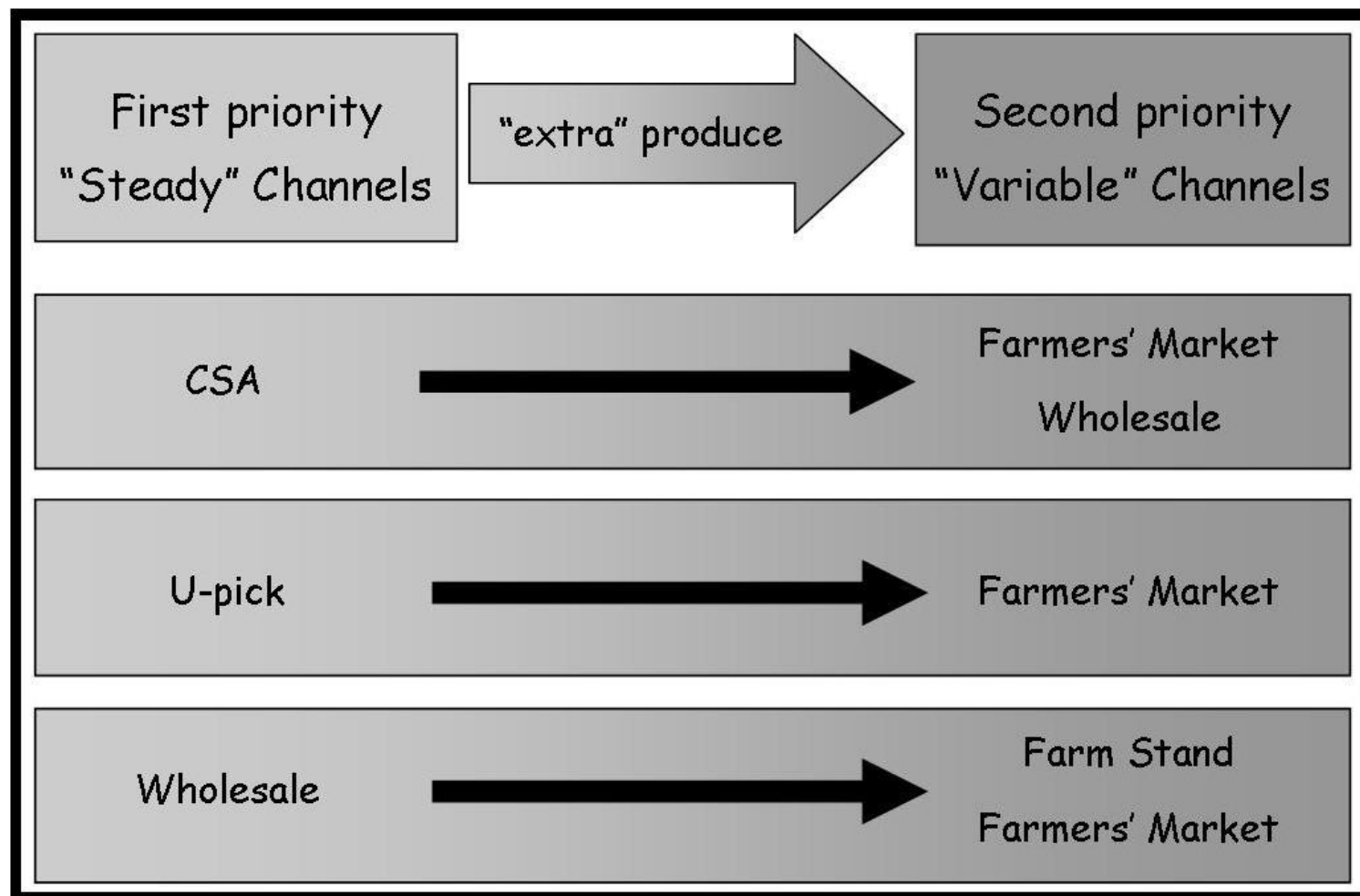


Owner labor assigned the value of \$8.50/hour.



Owner labor not valued.

Channel Combination with prioritized selling maximizes sales of unpredictable perishable crop yields.



- The Marketing Channel Assessment Tool has been developed.
- Farmers complete one week of labor logs and we analyze them.

### Farmer Benefits:

1. Informed decision making
2. Increase in profitability, enjoyment of work.
3. Decrease in labor needs, stress, risk.
4. Benchmarking against similar farms.

# Summary

- Identify your goals and lifestyle preferences.
- Keep marketing cost & returns records, if only for “snapshot” periods.
- Value your own time to present an accurate picture of marketing costs.
- Rank and compare opportunities to maximize profits.
- Combine channels to max sales and reduce risks.

# Contact information:

Matthew LeRoux

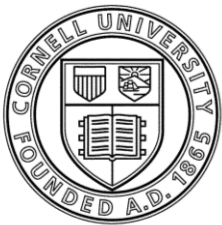
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