CLASS OUTLINES

January

January 25, 2013 – Class 4 “Marketing: Wholesale pricing, certified organic, and the advertising industry in America”

Goal: The goal of this class is three fold – 1. Give farmers a broader view of the advertising industry and where farmers market and local food fits into the larger picture of food consumption in America. This class will give farmers a frame work to why they need to work so hard to market themselves and tips from the marketing industry to catch the eye of their customers. 2. Teach the farmers how to do an annual revision of their wholesale price list. What vegetables have a static price, which have a price that can increase with cost of production? 3. Teach farmers about “certified organic” – its history, the legalities, what our farm would need to do to be certified, and how to communicate with customers about growing organically without using the word “organic”.

* Advertising in America: How Do We Compete?
  + Americans see an average of 3000 ads every day. Every one of those ads is trying to get us to buy their product. How often do your customers see your attempts to sell your veggies?
  + Hundreds of thousands of people work in the advertising industry in America. More people make a living from trying to convince you to buy things than make a living farming.
  + HUGE amounts of money are spent by single companies every year to sell their products.
  + Less than 2% of Americans have ever shopped at a farmers market.
    - Why do you think this is true?
  + The people who do shop at a farmers market or buy CSA shares want to feel SPECIAL
    - How do we make our customers feel special?
    - Why is it so important to make them feel special?
      * Advertisers make their living by making potential customers feel special
  + We are also competing against the other places that our customers buy food
    - What does that mean?
      * We need to be just as clean, friendly, and organized as they are
  + At farmers markets, you can convince your customers every week that you are a better place to buy vegetables than the grocery store.
    - With CSA and wholesale, you don’t see your customers very often, so you have to do more work to remind them that you are here and that you are the best farmer to buy from.
    - It is easier for wholesale to order from big companies and CSA to shop at the grocery store.
    - Activity: Let’s come up with a list of things about you and your farm that make you special and different from other farms and farmers who are selling the same things.
      * What can we do to improve our services in 2013?
* How to Do an Annual Revision of a Wholesale Price List
  + Give everyone a copy of last year’s price list
  + Elastic versus inelastic
    - What vegetables are you think are elastic/inelastic?
    - What are other examples besides vegetables
      * Is gasoline elastic or inelastic?
      * Is heating oil elastic or inelastic?
      * Is eating at a restaurant elastic or inelastic?
      * Is jewelry elastic or inelastic?
  + How much can you increase prices every year?
    - Annual Cost of Living Adjustment
    - Activity: let’s do the math. Class will pick 4 vegetable examples and 4 examples of something that they buy in their own lives. We will incrementally increase their price by 5%, 10%, 15%, 20%, etc to find a reasonable limit.
      * Some of these price increases will result in strange prices, such as $2.17.
        + We will talk about how to round up or down to find a price that looks better and is easier to make change for.
  + Activity:
    - As a group – let’s look at the 2012 price list
      * What prices felt too low last year?
      * What prices felt good last year?
      * What prices do you think we can change – aka – which prices are elastic?
      * What prices do you want to change
      * Is there anything you want to add to the wholesale list
      * Is there anything you want to remove from the wholesale list
      * Result: let’s change the prices for 2013!
* Certified Organic: what does it mean and how can I be certified?
  + Introduction to the USDA
    - What is it
    - What does it do
    - How does it impact your life
    - The USDA thinks that the work that NASAP staff do is very important, so they are paying for most of what we do this year – including for me to teach you classes!
  + More detail about the Agriculture branch of the USDA
    - This is the branch that is in charge of “certified organic”
  + History of “organic” in America
    - “organic” has been around for thousands of years
    - Non-organic only started about 100 years ago
      * Americans really embraced chemical farming
      * Backlash in the 1960s and 1970s
        + Back to the land movement started. Maine was a big back to the land state
        + “Organic” started to become a way of growing food again.
        + Many, many certifying agencies popped up all over the US

MOFGA was one of the first

Each agency had its own definition and own rules about “certified organic”.

* + - * + In 1990, the US government passed a law saying that the USDA had to create a national standard for “organic” and a plan to manage its certification.

Ten years later, the NOP was passed

There was backlash, it was revised, and a new version issued in 2002.

* + - What does the NOP regulate?
    - What are the list of prohibited items on the NOP list
      * This slide will take a long time and a lot of explaining, especially GMOs
    - What does the NOP include?
    - Another important aspect of the USDA Organic Certification process is that all certification is done by 3rd party agents.
      * The USDA signs contracts with other organizations to do the certifying.
        + In Maine, MOFGA Certification Services, LLC is the main certifier of produce, honey, flowers, medicinal herbs, and maple syrup.
        + Why is this important – MOFGA has been doing this work for many years and they know most of the farmers in the state, so it will be easier for them to help you if you have a question or a problem than if you had to call someone from the USDA who is not familiar with your farm.
    - You can only call yourself “organic” if you are USDA certified.
      * $5000 exception
    - This whole process can be very confusing for farmers but it is even more confusing for customers.
      * Most customers don’t know the history of organic in the United States
        + Some customers think that being MOFGA certified organic means that MOFGA owns your farm
        + Some customers don’t understand that MOFGA does the certifying for the USDA
        + Most customers have never read the organic certification rules, so they don’t really know what it means

Most customers assume that it means that you did not use any chemicals or GMO seeds

* + - What are the steps to certification:
      * Annual fee
      * Annual application
        + Let’s take a look at the application together.
      * Annual record keeping (this is NOT optional)
      * Annual inspection
        + You walk around for about 2 hours with an inspector

You show him/her all of your notes from the year

You have to follow the crop plan you made in the winter

He/she will look at your seed packets/receipts, receipts for fertilizer and cover crop, and your storage areas to make sure you are only buying organic

* + - Certified organic, can only use certified organic seed, seed potatoes, onion sets, potting soil seedlings.
      * Most of these things are significantly more expensive than non-organic
  + What do you think so far? Is this something you want to do?
    - What are alternative ways of telling your customers that you grow food that they want to eat?
      * No chemicals, sustainably grown, naturally grown, I use not chemical fertilizers or pesticides, ecologically grown, etc.
  + Put “certified organic” in context
    - How much of US/world is certified organic
    - Non-certified organic
    - Where are customers buying organic food?
      * Your advantage is that you know your customers
        + If you don’t pursue organic certification, you can tell your customers how you grow your food, invite them to the farm, answer their questions
        + Your Fresh Start Farms banner already says that you are “All Natural, Sustainably Grown”
        + We can make you a sign to put on your table with more details
  + It takes a long time to get all of the paperwork and details in line to apply for organic certification
  + Activity: Break into pairs and tell each other about your farm IN ENGLISH