Center for Profitable Agriculture

E-COMMERCE FOR DIRECT FARM MARKETERS:
AN OVERVIEW OF LOCALHARVEST'S STORE CATALOG

September 2017

Chuck Grigsby, Extension Specialist
Megan Bruch Leffew, Extension Specialist
Center for Profitable Agriculture

Foreword

In 2016, the Center for Profitable Agriculture received a grant from the Southern Risk Management Education Center (SRMEC) and the USDA National Institute of Food and Agriculture (Award Number 2015-49200-24228) to conduct the Extension program, "Growing Digital: Advanced Online Marketing Strategies for Tennessee Farmers." The project included the development of training materials and educational workshops in three program areas: 1) e-commerce software options for direct sales of farm products, 2) advanced social media marketing, and 3) video content creation and marketing.

E-commerce, in particular, is an emerging tool for direct farm marketers. The e-commerce educational program aimed to give producers a better understanding of the basic concepts of e-commerce, software options for online sales, potential software uses, and the benefits and challenges associated with several e-commerce platforms. "E-commerce for Direct Farm Marketers: An Overview of LocalHarvest's Store Catalog" was developed as a result of the "Growing Digital" project and supplements the training materials created for the e-commerce educational program.

Note: This publication is for educational purposes only and is not an endorsement of any product or service.

Introduction

LocalHarvest (localharvest.org) provides three online marketing tools for direct farm marketers. The first tool is a free online local food directory that gives producers the ability to create personalized profiles with information about their farm's location, history, production practices, products and market channels. In their farm profiles, producers can promote special on-farm events, add photo albums, and provide links to their website and social media accounts. The directory allows consumers to search for local products, farms, farmers markets, restaurants, food cooperatives, grocery stores and meat processors by geographic area. According to LocalHarvest, the online directory receives more than 7 million visitors annually in search of local foods and events.

Real. Life. Solutions.™

utEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

The second tool allows direct farm marketers to build an online store using their farm profile and sell products through the LocalHarvest Store Catalog. Relative to other online marketplaces, such as Ebay, Etsy or Amazon, the LocalHarvest Store Catalog is unique as it is specific to agricultural and artisanal farm product sales and promotes the sourcing of goods from local farms. The Store Catalog offers nearly 6,000 different products, including a wide assortment of fresh produce, value-added food products, artisanal goods, farm and garden supplies, gift baskets, and farmers market promotional materials, such as T-shirts or tote bags.

The third tool, CSAware (csaware.com), is an e-commerce software developed for enterprises selling and managing community supported agriculture (CSA) shares. More information about LocalHarvest's CSAware, in addition to other e-commerce software options for CSA operations, is available in a separate Center for Profitable Agriculture publication.

While many direct farm marketers in Tennessee have created free producer profiles in LocalHarvest's local food directory, fewer have taken advantage of the online sales opportunities available through LocalHarvest's Store Catalog. This publication aims to help producers determine whether LocalHarvest's Store Catalog is a viable e-commerce option for their enterprise and provides information about the online market's eligibility requirements, product specifications, store features and associated costs.

Store Catalog Eligibility Requirements

Producers who have created a listing in the LocalHarvest directory are also able to build an online store associated with their farm profile. LocalHarvest staff review the store submission and decide whether to approve the store's contents and product offerings. If approved, products marketed in the farm's online store are automatically included in the LocalHarvest Store Catalog. LocalHarvest provides farms with a comprehensive Store Policy Guide after they create their free farm listing. This guide helps producers determine whether their products are eligible to sell in the Store Catalog and outlines other relevant store policies.

The primary criteria for acceptable products is that the main ingredient of the product is produced by the vendor or purchased directly from a family farm in the vendor's locale. For value-added food products, the main ingredient must be produced by the vendor and at least 50 percent of the products' other ingredients should come directly from local farms. The names of those local farms must be listed with each ingredient in the online product description.

LocalHarvest gives preference to specialty, hard-to-find niche products, as they report that these items tend to sell best in the online marketplace. The Store Catalog may be most effective for products that are seasonal or can only be grown in certain geographical regions. Products marketed through the LocalHarvest Store Catalog often have the potential to be sold to regional and national audiences.

LocalHarvest reserves the right to remove products from the Store Catalog that do not sell within the first year of their listing. LocalHarvest does not allow farms to openly invite customers to their private e-commerce website in their LocalHarvest store.

How It Works — Selling Products in the Store Catalog

LocalHarvest staff manage and organize the Store Catalog by ensuring that products are properly named, described and categorized. The items are organized in more than 20 alphabetically ordered product categories. Inside each category, products are sorted further by item type.

Producers set their own prices, but LocalHarvest reserves the right to not allow products for sale in the Store Catalog that are deemed unfairly priced (e.g., exorbitantly low or high). Producers have the ability to provide coupon codes to all customers of the Store Catalog or to select customers only.

Producers also determine the shipping methods and shipping costs of their items, with the option of providing free shipping. Producers can stipulate that certain products are available for local pickup only.

The producer's primary tasks when selling products in the Store Catalog are to monitor their product orders, provide timely shipping when items are purchased, and confirm product shipment with customers in their LocalHarvest account. Farms can pre-sell seasonal items for shipment on a future date with the Ship Later option. For pre-sold products, the transaction is not complete until the producer confirms shipment in their LocalHarvest account.

The customer's shopping experience is similar to other online marketplaces. Customers can search for individual items alphabetically or by distance (shortest miles), relevance, bestselling and price (e.g., highest to lowest). Customers add items to their shopping cart and proceed to checkout by providing their contact information, shipping address and payment information.

Customers pay LocalHarvest for products purchased in the Store Catalog using their credit or debit cards. Producers do not need a special account to accept online payments from customers. LocalHarvest sends a monthly check by mail to producers for their sales, minus associated fees. LocalHarvest charges producers a 13 percent transaction fee (10 percent commission for administering the marketplace plus a 3 percent fee for processing customers' online payments) and a 25 cent per transaction processing fee for all sales made through the Store Catalog. Producers can view their monthly sales reports in the Statements section of their LocalHarvest account.

Conclusions

LocalHarvest provides producers with opportunities to promote their products online through its free local food directory. Additionally, producers can sell products online through the LocalHarvest Store Catalog. The Store Catalog allows producers to engage in e-commerce without the time, expense or risk involved with developing technological infrastructure to operate an online store. It also provides producers with access to LocalHarvest's network of customers. Items with greatest sales potential in the LocalHarvest Store Catalog may include seasonal, geographically specific and/or rare, value-added farm products. Producers can visit the LocalHarvest website to reference farm profiles and the products offered in the Store Catalog.

An Overview of LocalHarvest's Store Catalog

SOUTHERN
**EXTENSION
RISK MANAGEMENT
EDUCATION**

USDA

United States Department of Agriculture
National Institute of Food and Agriculture

AG.TENNESSEE.EDU

Real. Life. Solutions.™