E-COMMERCE FOR DIRECT FARM MARKETERS:

An Overview of Locallygrown.net and Case Studies of Online Markets in Tennessee
Authors

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

Acknowledgments

The authors are thankful to the following people who contributed to the development of this publication:

Case Study Participants
Kir Strobel, South Cumberland Farmers Market
Tracey Burks, Ashleigh Newness and John Erdmann, Stones River Market
Donna and Jim Riddle, Seven Springs Farm to Table

Reviewers
Chad Hellwinckel, Department of Agricultural and Resource Economics, UT Institute of Agriculture
David Hughes, Department of Agricultural and Resource Economics, UT Institute of Agriculture
Kim Jensen, Department of Agricultural and Resource Economics, UT Institute of Agriculture
Eric Wagoner, Locallygrown.net Software Designer

Editing, Layout and Design
Kirche Rogers, Marketing and Communications, UT Institute of Agriculture
Mary Puck, Graphic Designer
# Table of Contents

- **Introduction** 3
- **Primary Features** 5
- **Costs of Locallygrown.net and Fees for Online Payments** 9
- **Benefits and Challenges** 10
- **Conclusions** 11
- **Case Studies** 11
  - *Stones River Market* 12
  - *South Cumberland Farmers Market* 15
  - *Seven Springs Farm to Table* 18
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 direct farm marketers 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 each e-commerce platform. *E-commerce for Direct Farm Marketers: An Overview of Locallygrown.net and Case Studies of Online Markets in Tennessee* was developed as a result of the *Growing Digital* project and supplements the training materials created for the e-commerce educational program.

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

Until recently, the growth of e-commerce has primarily been driven by sales of nonconsumable products and services, such as clothing, electronic appliances, tickets and digital goods. Online shopping for perishable fruits, vegetables and meats is a relatively novel concept for food retailers and food service providers.\(^1\) However, with the growing popularity of online grocery shopping and direct delivery food services that target the convenience-driven, health-conscious, values-based (i.e., local, sustainable, etc.) consumer, direct farm marketers are presented with a unique opportunity to incorporate e-commerce into their marketing activities and take advantage of emerging added-value food markets.\(^2\) A recent study conducted by the Food Marketing Institute (FMI) and Nielsen estimates that by the year 2025, online grocery shopping could account for as much as 20 percent of total grocery sales.\(^3\)

Due to continual advancements in information technology and the availability of user-friendly e-commerce software, direct farm marketers do not need extensive knowledge in computer programming to add e-commerce to their businesses. While there are numerous e-commerce software options available, several have been designed specifically for direct farm marketers. Relative to more general e-commerce software, the advantages of farm-specific software are that they facilitate the sales, communications and delivery of products to local food customers, are easy to implement and use, and are economically priced. These software options usually integrate various components of an enterprise's administrative activities — inventory management, product order forms, distribution reports, product labeling, data analysis tools and farm-to-consumer communications. Because the software are created for farmers, the technical support staff have a good understanding of the producer's business model and often have real-world farming experience.

Locallygrown.net (http://locallygrown.net/) is a farm-specific e-commerce software that allows producers to market their products online in a way that mirrors a live farmers market, though individual farms can also create online farm stores using the program. Locallygrown.net has been adopted by farmers across the United States and internationally. However, the program's use is primarily concentrated in the Southeast area of the United States. In Tennessee, several groups of farmers have worked cooperatively to create online farmers markets with Locallygrown.net. Individual farms in the state have also used Locallygrown.net to sell CSA shares and conduct pre-farmers market sales.

---


As online grocery ordering and curbside store pickup gains popularity in conventional supermarkets, the availability of e-commerce tools to effectively operate online farmer markets may provide direct farm marketers with a unique market opportunity to target the convenience-driven consumer segment that also values locally produced goods. In this respect, online farmers markets may appeal to a customer base not fully reached by live farmers markets.

To help direct farm marketers assess the potential of Locallygrown.net as an e-commerce software option, this publication describes the program’s primary features, software costs, and benefits and challenges associated with using Locallygrown.net for online markets. After the general software description, three case studies are presented to illustrate how Locallygrown.net is being used by direct farm marketers in Tennessee. While the publication focuses primarily on using Locallygrown.net in the context of online farmers markets, the information also applies to individual farms using the software.

Alternative E-commerce Software Options for Online Farmers Markets

In addition to Locallygrown.net, Local Food Marketplace (home.localfoodmarketplace.com) and Local Orbit (localorbit.com) are alternative e-commerce software options that producers may consider for creating online farmers markets. Whereas Locallygrown.net’s software features are designed mostly for direct-to-consumer sales, Local Food Marketplace and Local Orbit have a more extensive e-commerce tool set to facilitate transactions with wholesale customers. As such, these software are often used by food hub enterprises that aggregate products from multiple producers and market and distribute to local grocers, restaurants, schools, etc. Producers using either of these two software for online farmers markets will operate similarly to markets created with Locallygrown.net, however.

This publication focuses on Locallygrown.net because the software has been more widely used by direct farm marketers in Tennessee, making it easier for producers to join online farmers markets already established. Locallygrown.net also has the lowest startup costs for beginning online farmers markets. Local Food Marketplace and Local Orbit have been leveraged by food hub managers across the state to assist them in sourcing local foods for sales to restaurants and institutions, but have yet to be utilized for online farmers markets.
Primary Features

Locallygrown.net's software features are designed to emulate many of the marketing activities involved with live farmers markets. The software's online ordering capabilities and reporting forms facilitate the logistics of complex multi-producer farmers markets or simpler markets managed by a single farm. Locallygrown.net markets come with a customizable website template that allows producers to easily design their online store and begin selling their products to local customers. The software supports up to four separate marketplace accounts for producers, customers, market managers and volunteers. Markets can accept online credit and debit card payments or allow customers to preorder from the online store and pay for their purchase on delivery day.

Operating an Online Farmers Market With Locallygrown.net

In an online farmers market, during each buying period (usually weekly) the designated market manager (or individual producer if used by a single enterprise) opens the market and producers upload their available products to their Locallygrown.net store, specifying prices, quantities and providing product descriptions for each item. Customers then have several days to browse and purchase available products in the marketplace. Throughout the buying period, growers can monitor their sales, update their product inventory, edit product descriptions, and upload new products to the online store as they become available.

When the buying period ends, customers’ order information is sent to producers by email or is accessed as a downloadable .CSV file through their Locallygrown.net market account. Order reports include the customer’s name, contact information, invoice number, time of order, products ordered and purchase total. Producers then harvest or prepare products based on their market order forms.

Customer orders are delivered by producers to the designated pickup location on the prespecified delivery day. To help producers package and identify customer orders on product delivery day, the Locallygrown.net software generates printable product labels. Product labels display the first three letters of the customer's last name, order invoice number and other pertinent order information such as product name, quantities ordered, product weight and farm name (see the Stones River Market case study for an example product label). Orders are sorted by producers and farmers market staff to facilitate the customer checkout process.

Markets can check in producer deliveries and check out customer pickups using the paper-based distribution reports, or digitally, using Locallygrown.net's Order Fulfillment System. For the paper-based approach, the Locallygrown.net software generates .PDF distribution reports to help market staff track producers’ delivered orders and customers’ retrieved orders on delivery day. To handle delivery day logistics electronically, the Order Fulfillment System allows market staff to check in producers and check out customers online using the Locallygrown.net software. If the customer has not already paid for their order online, they can pay in person using the form of payment that the market accepts (e.g., cash, check, credit, debit, SNAP EBT).

The Locallygrown.net Template

The Locallygrown.net software provides markets (both for online farmers markets and individual producers) with a customizable web store template containing up to seven unique web page tabs. The seven web page tabs include:

1. About
2. The Market
3. Recipes
4. Weblog
5. Q’s and A’s
6. Our Growers
7. Sign In

Enterprises decide which tabs to use in their online market, though many include all seven tabs. Each web page tab has a general structure that can be customized with producer and product information specific to the market.

---


5Producers can learn more about the Order Fulfillment System by reading the featured case study on the South Cumberland Farmers Market.
About

The “About” tab is the space in which the market provides information about its Locallygrown.net store (Figure 1). Many Locallygrown.net markets include a mission statement, pictures, market sign-up instructions for customers, and details about online ordering and product pickup. Some markets promote special products and services, such as home delivery options and market gift certificates.

The Market

“The Market” tab is the area in which producers display products and customers shop the market (Figure 2). Producers can highlight special and new products in the Featured Products and What’s New sections of “The Market” page. The Categories section allows the market to group and organize products alphabetically and by item type to facilitate the customer’s shopping experience. Adopting an intuitive and consistent naming system for product categories and product listings improves the customer’s ability to find desired products, which in turn could affect the number of products customers purchase. In addition to searching for products by category, customers can refine their product search by viewing product offerings from specific producers.

Individual product listings contain the name of the product, farm name, price per unit, quantities available (exact or estimated) and a product description (Figure 3). Since many customers rely on the product listings in making purchasing decisions, it is important that product names, images, quantities and descriptions accurately portray the items for sale. The software is designed so that as customers purchase products from the market, the quantity available decreases in real time. Producers also have the option of including recipe suggestions and nutritional information with the product description.

Recipes

The “Recipes” tab is the section of the market where producers and customers can upload recipes that incorporate local ingredients available in the online market. The concept is quite similar to a CSA farm operation that includes recipes using the products included in their CSA share deliveries. Recipes can be categorized alphabetically and grouped by food item. The Locallygrown.net software allows producers and customers to place a “View Available Products” link beside each recipe ingredient so that other customers can view which local producers are selling the ingredients through the market (Figure 4).

Figure 1. The above image shows the “About” page of an online farmers market operating in Tennessee. The online farmers market in this example uses each of the seven tabs from the Locallygrown.net template. (Source: Stones River Market, http://stonesriver.locallygrown.net/)

Figure 2. “The Market” page is the place in which customers shop the market for local products. Customers can search for items by category and farm name. (Source: Stones River Market, http://stonesriver.locallygrown.net/market)

Figure 3. The above image shows an example product listing created by the producer. As customers complete their orders, the Locallygrown.net software automatically reduces the quantity of available product. In this example, the quantity available has fallen to one unit. (Source: South Cumberland Farmers Market, http://sewanee.locallygrown.net/market)

Figure 4. Each recipe listing template includes sections for a recipe description, ingredients, step-by-step instructions and customer comments. (Source: Stones River Market, http://stonesriver.locallygrown.net/recipes)
The Locallygrown.net software helps markets build a library of recipes based on locally sourced ingredients. The software can track whether recipes include ingredients containing links to products sold on the market. Thus, when linked products become available on the market for purchase, recipes using those products as ingredients are automatically featured in the “Recipes in Season” section of the “Recipes” tab. Customers can conveniently add products to their shopping cart while viewing recipes.

The “Recipes” web page opens opportunities for multi-farm collaboration and encourages customers to actively participate in the market. Producers can pool their products to create recipes with predominantly locally sourced ingredients. In addition to sharing their favorite recipes, customers can learn about alternative uses of products sold on the market. The exposure to new combinations of local ingredients may motivate customers to purchase items that they typically would not use in home cooking. Each recipe listing includes a Comments section, giving both producers and customers the opportunity to interact and provide feedback on listed recipes.

Weblog
The “Weblog” tab is used by market managers to engage with customers, make important announcements regarding the market, and provide news about local events in the community. Posts in the “Weblog” section are often part of the weekly email sent to customers announcing the opening of the online market order period. Many online farmers markets use the “Weblog” section to announce new product availability and special items and promote profiles of growers who recently joined the market.

Q's and A's
The “Q’s and A’s” (Questions and Answers) tab provides customers with additional information about the online market. This is an area for markets to address product ordering and pickup policy, payment options, transaction fees and membership costs. The “Q’s and A’s” section also may include sign-up information for prospective customers and producers.

Our Growers
The “Our Growers” tab provides a comprehensive list of all participating producers in the online market (Figure 5). Producer listings include a space for the farm’s logo, name, location, production methods, number of products offered in the market and two links (“View Details” and “View Photos”) that customers can open to learn more about the producer. The information provided in the producer listings helps customers make purchasing decisions. Markets also have the option of creating a geographical map of participating farms to give customers a visual perspective of each farm’s location (see the Stones River Market and South Cumberland Farmers Market case studies for examples).

In the “View Details” section, producers can include information about the history of their enterprise, farming practices and links to their business website and social media accounts (e.g., Facebook and Instagram). As the name suggests, the “View Photos” section allows producers to upload pictures of their farming activities and products sold through the market.

Because online farmers markets may be deficient in their level of physical producer-to-customer interaction relative to live farmers markets, the ability to transmit producer information effectively through the “Our Growers” section could be paramount to the success of the online market. The “Our Growers” web page is an opportunity for markets to build a stronger relationship with their customer base, instill trust and loyalty, and add value to the online market shopping experience.
Sign In
The “Sign In” tab is the section in which customers, growers and managers create accounts and sign in to the market to manage their respective accounts.

Locallygrown.net Marketplace Accounts
Relative to other e-commerce software options, a distinguishing factor of Locallygrown.net that facilitates the organization and management of online farmers markets is the ability to create multiple types of member accounts for online markets. Locallygrown.net supports up to four account types, including 1) grower, 2) customer, 3) manager, and 4) volunteer accounts. Each member account type has different capabilities and constraints in the online market.

Grower Accounts
Producers selling products through an online farmers market will normally sign up as growers, though producers can also be granted manager and volunteer account responsibilities. Grower accounts allow producers to upload products to “The Market” page and manage their producer profiles in the “Our Growers” section. Producer accounts provide access to various market reporting forms, including historical farm-level sales data, weekly order reports and printable product labels for each ordering period. A valuable feature of the Locallygrown.net software is that producers with grower accounts in one Locallygrown.net market are able to transfer or duplicate their product inventory to other markets created with the Locallygrown.net software.

Customer Accounts
To shop the market, customers must create a user account. Each customer signs up online by providing their name, contact information and username. In the case of a farm or farmers market with multiple delivery sites, customers will also select their pickup location. Customers have the option of signing up with wholesale accounts for markets that choose to offer wholesale-priced items. Customers may also be granted manager or volunteer account accessibility, if needed.

Prior to becoming a market vendor, some online farmers markets require that producers first create a customer account and purchase a certain number of products through the online store. Experiencing the online market as a customer helps producers better understand the online market’s logistics before selling their products.

Manager Accounts
Users with administrative responsibilities act as market managers and have the ability to update and edit all aspects of the online marketplace. Individual farms using Locallygrown.net will typically sign up as the only account manager, whereas an online farmers market with several producers may have multiple market manager accounts.

Members with manager accounts can open and close the online storefront during each buying period and post messages in the “Weblog” tab. Market managers have access to weekly and historical order reports that provide details for each sale conducted through the market. The historical order reports allow management to track sales over time for the entire market, individual producers or individual products.

Volunteer Accounts
Volunteer accounts are primarily used for online farmers markets. Volunteer accounts give market volunteers the ability to manage certain aspects of the Locallygrown.net market. Volunteers have access to market order reports that are used to help check in growers and check out customers on product delivery day.

Payment Methods and Payment Plans
At the time of publication, online markets using Locallygrown.net can give customers two payment options:

1. Online orders with in-person payment.
2. Online orders with online payment.

The first payment option allows customers to order products through the Locallygrown.net
store but pay for their product in person on product delivery day. The second payment option allows markets to accept online payments from customers with credit or debit cards. To set up online payments, markets will need to create an account with the electronic payment processor, Stripe, and follow the step-by-step instructions outlined in the Locallygrown.net support page.

Locallygrown.net’s online payment system allows customers to securely store their credit or debit card information in their member account, eliminating the need to re-enter their payment information each time they shop the market. Further, using the online payment option gives customers the ability to add credit to their account (e.g., $100, $200, $300, etc.) and purchase products until their balance reaches zero, at which point the customer can add more money to their account balance. The pre-paid credit option works similarly to a buy-down CSA model in which customers purchase deductible credit through the farm and draw down their balance as they purchase products during the CSA season.

Costs of Locallygrown.net and Fees for Online Payments

At the time of publication, there is no upfront cost to create a Locallygrown.net market. However, Locallygrown.net charges a percentage fee based on the volume of market sales. Additional electronic payment processing and security fees will apply to markets that accept online credit and debit card payments. If the market only allows customers to order online and pay in person, the cost of the Locallygrown.net software is 3 percent of market sales. For markets accepting online credit and debit card payments, Locallygrown.net charges an additional 0.5 percent of sales as a software security fee. Markets will also incur electronic payment transaction fees from Locallygrown.net’s payment processor, Stripe, of 2.9 percent of sales plus 30 cents per transaction. Markets accepting online credit and debit card payments should estimate a total software cost of approximately 7 percent of sales. The software costs and transaction fees for online payments for the Locallygrown.net software are summarized in Table 1.

Online farmers markets will incur certain management and infrastructure costs. These may include the staff time and resources needed to administer and manage the Locallygrown.net market and the operating expenses to carry out product delivery day. Some online farmers markets charge growers or customers a one-time or annual membership fee or a percentage of sales to help defray overhead costs, similar to a booth fee at a live farmers market. Markets need to understand these overhead costs to adequately establish grower and customer membership fees. Likewise, producers should understand the software costs and fees in order to price their products in a way that incorporates applicable market fees and allows for producer profit.

The historical order reports allow management to track sales over time for the entire market, individual producers or individual products.

### Table 1. Software Cost of Locallygrown.net and Transaction Fees for Online Payments (Percentage of Sales)

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Software Cost</th>
<th>Online Payment Security Fee</th>
<th>Transaction Fees for Online Payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online orders with in-person payment</td>
<td>3%</td>
<td>N/A</td>
<td>N/A</td>
<td>3%</td>
</tr>
<tr>
<td>Online orders with online payment</td>
<td>3%</td>
<td>0.5%</td>
<td>2.9% + $0.30/transaction</td>
<td>≈ 7%</td>
</tr>
</tbody>
</table>

---

Benefits and Challenges

The following section highlights several of the benefits and challenges associated with operating online farmers markets using Locallygrown.net. Similar benefits and challenges will also exist for online farmers markets that use other e-commerce software to operate their market (e.g., Local Food Marketplace or Local Orbit). Potential benefits of selling products through an online farmers market include:

▶ Producers only harvest, prepare and deliver products that have been sold. Compared to a live farmers market, producers may not need as much time, market staff, marketing and promotional materials, or infrastructure to conduct transactions. Selling products through an online farmers market increases marketing efficiencies and may reduce product waste.8,9

▶ Producers could diversify farm income by expanding their customer base to consumer segments that value the convenience of customized online ordering and efficient product pickup. Customers conveniently search the market, read product descriptions and purchase products from their home or office.8,9 Each customer’s order is packaged, labeled and delivered to a prespecified pickup location.

▶ Because customers can more easily find and purchase a wide assortment of locally produced goods, per-shopper expenditures may be higher in online farmers markets. Based on data provided by Locallygrown.net, online farmers market customers spend approximately $40 per market visit.

▶ Whereas live farmers markets may focus more on providing customers with an experience, online markets are specifically intended to facilitate transactions between producers and consumers. Some producers may value that online farmers markets require less farm-to-customer interaction to conduct sales.

▶ As opposed to a live farmers market, online farmers markets are less likely to be subjected to inclement weather. Because shopping is conducted online and customer orders are prepackaged, labeled and sorted for convenient pickup on delivery day, sales through online farmers markets are potentially less affected by external weather conditions. In contrast, adverse weather at live farmers markets can significantly decrease customer attendance, and in turn, market sales.

▶ Producers and managers have instant access to weekly and historical sales reports and important accounting data for analyses.

On the other hand, operating online farmers markets may have many of the same organizational challenges inherent to live farmers markets, in addition to new challenges of online marketing.

▶ Initial setup of the online marketplace may require a considerable time investment up front.

▶ As in a live market, online farmers markets need a committed team of market managers and volunteers to administer the online market and a fixed location for product sorting and pickup.

▶ Customers are not able to view, touch and smell products before making a purchase decision in online farmers markets. Therefore, producers have the challenge of creating adequate descriptions of their products and building trust with their customers.

▶ Online farmers markets may be deficient in their level of physical producer-to-customer interaction. The ambience of live farmers markets may be difficult to replicate in an online market.

Well-managed online farmers markets mitigate these challenges by providing detailed product listings and farm profiles in the online marketplace. Hosting special meet-the-farmer and product tasting events on product delivery day also allow customers to gain familiarity with the producers selling products through the online market.


Conclusions

The growing trend in online grocery shopping and direct delivery food services could make the adoption of e-commerce an attractive market diversification strategy for direct farm marketers. The advances in information technology, coupled with the development of farm-specific e-commerce software, facilitate local food producers’ adoption of e-commerce technologies.

Locallygrown.net is one of several e-commerce software options that enables producers, individually or collectively, to create online local food markets. Local Food Marketplace (home.localfoodmarketplace.com) and Local Orbit (localorbit.com) are alternative e-commerce software options that producers may also consider for creating online farmers markets. With these software, producers can market their products to local consumers, who conveniently search for and purchase products through the online marketplace. Because market transactions occur online, producers’ infrastructure and marketing costs are reduced. Customer orders are prepackaged, labeled and sorted for convenient pickup on delivery day.

This publication aims to help direct farm marketers determine whether Locallygrown.net is a viable e-commerce software for their enterprise and provides an overview of the program’s primary features, software costs, and benefits and challenges associated with using the software to operate online markets. The publication focuses primarily on using Locallygrown.net in the context of online farmers markets, but the information also applies to individual farms using the software. Because creating an online market in Locallygrown.net is free, direct farm marketers can pilot test the software prior to selling products through their store.

Case Studies

In an effort to increase producers’ awareness of their e-commerce software options, several direct farm marketers and managers in Tennessee were interviewed about their experiences using e-commerce software. Three case studies of operations using the Locallygrown.net software were conducted. The first two case studies feature the Stones River Market and the South Cumberland Farmers Market — online farmers markets operated and managed with Locallygrown.net. The third case study describes how an individual farm — Seven Springs Farm to Table — uses the software to operate a multi-farm, customizable CSA share program. Seven Springs’ multi-farm cooperative CSA shows that with innovation, the Locallygrown.net software can be leveraged to accommodate a variety of direct marketing strategies. In addition to helping illustrate many of the concepts and tools discussed in the software overview, the case studies provide real-world insight regarding the logistics, operations, benefits and challenges of Locallygrown.net online markets.
STONES RIVER MARKET
http://stonesriver.locallygrown.net/

Location: Murfreesboro, TN
Market Staff: Two market managers, one part-time employee, three market volunteers on delivery day
Average Number of Producers/Vendors: 30
Market Established: 2008

Introduction

The Stones River Market is an online farmers market where more than 30 producers use the Locallygrown.net software to sell their fresh produce, value-added food products and artisanal goods to customers. The market features more than 700 products in 25 product categories. Founded in 2008, the market was initiated by local producers searching for alternative market opportunities in the Murfreesboro area.

Stones River Market Logistics

From Thursday to Saturday, producers log in to their Locallygrown.net accounts to upload new products to “The Market” page and update quantities of existing products available in the online store. On Sunday morning, the market managers send a newsletter to the customer email list informing them that the market is open for online orders. The newsletter also announces the addition of new producers and products to the market, featured recipes and farm photos. From Sunday morning to Monday evening, customers can sign in to their Locallygrown.net accounts with the Stones River Market to make product orders. On Monday evening, the online ordering period ends. Thereafter, the market manager sends an email to producers informing them about the market’s sales. Producers review their product orders in their Locallygrown.net accounts to prepare for Wednesday evening’s delivery day.

The market’s delivery site is located in downtown Murfreesboro. On delivery day, producers drop off orders and customers pick up their products. Market staff and producers collectively prepare for the market by sorting product orders and setting up the market’s point-of-sales payment system. The Stones River Market handles delivery day logistics with two market managers, one part-time employee and three volunteers.

The Stones River Market uses the Locallygrown.net software’s distribution reports and labeling tools to organize orders and to facilitate the customer checkout process. Producers deliver customer orders bagged and labeled using the Locallygrown.net software’s label generator (Figure 6). Market staff confirm product delivery and checkout from the information provided by the

Figure 6: Example of label generated by Locallygrown.net software. Customer’s order is bagged and labeled by the producer for product pickup. (Images used with the permission of Stones River Market.)

Figure 7: Customer orders are organized alphabetically on portable shelves so that as customers arrive to pick up their products, market staff can easily locate their orders. (Images used with the permission of Stones River Market.)

Figure 8: Market staff check out customers using the Locallygrown.net distribution reports and a centralized point-of-sales electronic payment system. Stones River Market strives to reduce checkout time for customers by efficient delivery day logistics. (Images used with the permission of Stones River Market.)
Locallygrown.net distribution reports and product labels, both of which contain customer name, product name and invoice number.

Stones River Market staff use the distribution reports to arrange customer orders on the product shelves in alphabetical order according to the customer’s last name (Figure 7). For products that require cold storage, the market has cooler and freezer space at the delivery location. This high level of sorting and organization helps staff efficiently locate orders as customers arrive to pick up their products (Figure 8). After each market day, staff reconcile the market’s books and write checks to each producer matching their total weekly sales minus the market’s virtual booth fee of 5 percent of sales for selling through the online farmers market.

Stones River Market Customer Profiles and Buying Habits

The Stones River Market has a growing member list of more than 2,000 people who receive an email each week when the market is open for online orders. The market’s customer base is localized to Rutherford County. The Stones River Market delivery site is approximately 2 miles from a university. As a result, a significant portion of the market’s clientele come from the county’s growing urban population and nearby university.

The rising demand for local foods combined with the ease of online shopping has helped the Stones River Market grow its customer base and total sales. The convenience of ordering online from their home or office is an attractive alternative for purchasing local foods since many of the customers do not have time to visit live farmers markets. Because of the market’s central pickup location, customers value the convenience of retrieving their online orders on their way home from work or classes.

The Stones River Market rivals conventional supermarkets with respect to its product variety. The market averages 50 customers per week. Customers tend to purchase four to five products and spend an average of $30 per market. Fruits, vegetables, baked goods, eggs, meats and dairy products sell most consistently throughout the year. However, high-value protein sales, such as beef and poultry, increase during the winter, as less fresh produce is available due to seasonal production patterns.

Stones River Market Producer Profiles and Product Offerings

Most farms selling products through the Stones River Market are located within 50 miles of the market’s delivery location (Figure 9). Similar to live farmers markets, product availability in the Stones River Market varies by season. The market offers a combination of fresh produce and value-added food items. More than half of the 37 product categories in "The Market" contain value-added food products. For a $10 fee, the Stones River Market offers direct delivery as a service for customers within 10 miles of the market's pickup location in downtown Murfreesboro. The market sells varying types of market gift certificates. Individual farms also offer gift certificates to use specifically for their products sold in the Stones River Market. The market organizes product categories alphabetically in "The Market" page in order to facilitate the shopper’s product search.

In the summer, the Stones River Market competes for sales with live farmers markets in Rutherford County. In the winter months, however, when many live farmers markets in the area close, producers continue selling products through the online farmers market. With less competition from live markets and the option of online shopping and indoor product pick up, shopping through the online market increases in the winter. A challenge for the Stones River Market has been meeting consumer demand in the winter when production is lower for many producers.

Figure 9. The Stones River Market uses the geographical mapping feature in the "Our Growers" page to give customers a visual perspective of the participating farms' locations. (Source: Stones River Market, http://stonesriver.locallygrown.net/growers/map)
Promoting the Stones River Market and Farm-to-Customer Relationships

The market recognizes that online shopping does not have the same physical visibility and ambience of live farmers markets. Therefore, the market has invested significantly in its promotional efforts to increase customer awareness of the online market. The Stones River Market heavily promotes their online marketplace through social media, local news outlets and printed promotional materials. The Stones River Market has linked their Facebook page to their Locallygrown.net website, paid for advertising spots through local radio stations, and designed market brochures. Some of the Stones River Market producers place the market’s logo on their delivery vehicles.

Beyond providing farm-based information on the market’s “Our Growers” page, the Stones River Market fosters farm-to-customer interaction throughout the year. The market organizes meet-the-farmer events so that producers and customers have opportunities to interact on market delivery day. Because customers cannot touch or smell products before they purchase them, the market occasionally hosts product tasting events to build stronger relationships with customers and the farmers producing the market’s food items.

Benefits

According to market management, the benefits of selling products through the Locallygrown.net Stones River Market include:

- Producers know what and how much to harvest or produce prior to market and the delivered products have already been sold.
- The minimal marketing time for participating in the online farmers market makes it a low cost market channel.
- Due to the convenience of online shopping and product delivery, the market provides producers with an alternative market outlet during the winter months.
- Locallygrown.net’s distribution reports help the Stones River Market verify the quantity and quality of products sold through the market. The market reports provide a paper trail for every market transaction that occurs between buyers and sellers.
- Locallygrown.net’s sales reports help producers conduct calendar year tax returns and analyze product demand to aid in product planning for next year’s market.

Challenges

The Stones River Market identifies two challenges in operating the Locallygrown.net online farmers market:

- The overall management of the online farmers market requires significant administrative time and volunteer support. Management estimates that at least eight hours per week are required to administer the online market.
- Recruiting and retaining customers to the online market requires more intensive marketing outreach because the online market lacks visibility and live farmers market ambience.

Conclusions and Advice for Farmers Markets Using Locallygrown.net

For nearly eight years, the Stones River Market has successfully used the Locallygrown.net software to operate its online farmers market. The online market has grown from three to more than 30 producers and has more than 700 product offerings in their online store. The market looks to expand its customer base and retention rate for new customers. The Stones River Market advises beginning online farmers markets to start small, guarantee high-quality products to maintain customer satisfaction, and consistently provide detailed product descriptions and pictures.
Introduction

The South Cumberland Farmers Market is an online farmers market that has used Locallygrown.net since 2007, and is the second oldest market in the United States created with the software. The market averages between 30-40 participating producers per year, more than 600 different product offerings, and 20 product categories featuring an assortment of fresh produce, value-added food products and artisanal goods. The market was founded by a group of local producers in search of alternative market opportunities.

South Cumberland Farmers Market Logistics

Throughout the week, producers can log in to their Locallygrown.net accounts to upload new products to “The Market” page and update the quantities of existing products available in the online store. On Friday, market management sends customers an email notifying them that the market is open for online orders. The email often provides important market updates for customers and includes information about new producers and products. On Monday morning, market management closes the online market. Thereafter, producers review their product order reports in their Locallygrown.net grower accounts and prepare products for the Tuesday evening delivery at the local community center. Producers are paid on product delivery day for their total sales minus the market’s virtual booth fee of 4 percent of sales.

Rather than use the paper-based distribution reports, the market uses computer tablets and the online Locallygrown.net Order Fulfillment System, a special program of the Locallygrown.net software that helps the market more efficiently check in and check out producers and customers on product delivery day. The market has designed product delivery and pickup to work optimally in conjunction with the Order Fulfillment System. Similar to a live farmers market, each producer has a booth or market stand to drop off customer orders (Figure 10). Booths are organized alphabetically according to the producer’s farm-enterprise name. Producers deliver customer orders bagged and labeled using the Locallygrown.net software’s label generator, which helps market volunteers locate customer orders during the checkout process.

---

**Figure 10**: Farm stands are ordered alphabetically. Producers deliver their orders bagged and labeled for easy identification as customers are checked out in the Order Fulfillment System at product pickup. Coolers are used for products that require cold storage. (Images used with the permission of South Cumberland Farmers Market.)
As producers arrive with their product orders, volunteers mark each product with their tablets as delivered or missing in the Order Fulfillment System. Likewise, customers are greeted and directed by volunteers to the different producer booths to pick up their online orders. When customers pick up their ordered products, volunteers use their tablets to mark orders as “packed” in the Order Fulfillment System. After the customer has collected all of their orders from producer booths, they proceed to customer checkout where customers can pay with cash, check, credit, debit or SNAP EBT. Because product deliveries and customer pickups are integrated in the Order Fulfillment System, the market streamlines the producer check-in and customer checkout process on delivery day and efficiently tracks the delivery of product orders and their retrieval by customers. The System also improves the market’s bookkeeping and reduces management time in reconciling market payments, charges and credits to producer and customer accounts.

Customer Profiles and Buying Habits

The South Cumberland Farmers Market delivery day location is near a small university, and a large percentage of the market’s customers are university employees and students. The market has some customers that shop for larger quantities of products in the “Bulk Quantities” category of “The Market” page. Because the market has used Locallygrown.net for nearly 10 years, many of their customers are well acquainted with the market’s producers and the online ordering process. Some customers have running store credit with the market. Customers value the convenience of shopping online and picking up their orders at the nearby community center. The number of customers shopping the market tends to increase in the winter months when there is less competition with other local food markets and inclement weather impacts attendance at live farmers markets. However, the market’s producers are challenged in meeting consumer demand in the winter when seasonal production decreases.

The market has between 60 to 65 consistent customers who shop the online market on a weekly basis, purchasing from 10 to 15 products per market. Customers spend an average of $40 per market. Fruits and vegetables are top-selling items in the summer. Customer purchases typically include several high-value products, such as meats, eggs and dairy products. Meat sales have a relative increase during the winter.

Producer Profiles and Product Offerings

The market’s producers are primarily located within 25 miles of the delivery location (Figure 11). More than 60 local producers have sold products through the market during its history. Participation fluctuates between 30 to 40 producers throughout the year and is based on the seasonality of production.

Producers sell a wide range of fresh produce, value-added foods and artisanal products, matching the product variety of traditional online supermarkets. Most of the market’s products are value-added foods and artisanal products. Fresh produce and other raw products account for a small portion of product offerings. Product availability in the market’s “Bulk Quantities” section typically includes ground beef, pork sausage and seasonal produce. Some producers of the market offer customers direct delivery as a service, and the cost of delivery varies according to the customer’s distance from the delivery location. Direct delivery service fees range from $5 to $10 for deliveries within approximately 1 to 10 miles of the market’s pickup location.

Promoting the South Cumberland Farmers Market and Farm-to-Customer Relationships

The market’s most effective marketing strategies have been word-of-mouth, local advertisements in the community classifieds, and promotions through social media. Managers believe the market sometimes struggles in recruiting and retaining customers because it lacks the physical visibility and ambience of a live farmers market.
As a response to this challenge, the market allows member producers to sell extra products outside of the community center on delivery day, a policy that has been successful in attracting new customers. In the past, the market has hosted meet-the-farmer events with product tastings to increase awareness among community members about the online market.

Because producers and customers work together in carrying out delivery day logistics, both participant groups have a sense of market ownership. With this cooperative model, the market maintains a relatively high level of farm-to-customer interaction. Furthermore, customers are encouraged to read farm profiles on the "Our Growers" web page and to contact producers with questions about their production practices or product offerings. The market provides customers with a 100 percent satisfaction guarantee.

Benefits
According to market management, the benefits attributed to selling products through the Locallygrown.net South Cumberland Farmers Market include:

▶ Producers know what and how much to harvest or produce prior to market and the delivered products have already been sold. In turn, product waste is nearly reduced to zero.
▶ Producers incur minimal time in selling their products, which translates into lower marketing costs.
▶ The online farmers market model provides producers that are less interested in the high level of farm-to-customer interaction at live farmers markets with an alternative market channel.
▶ Producers value the cooperative component of selling products through the South Cumberland Farmers Market. Each producer's product complements the other products sold in the market.

Challenges
Challenges associated with operating the Locallygrown.net South Cumberland Farmers Market include:

▶ The market’s success relies on clear communication from the growers to the customers. However, some producers do not provide sufficient product descriptions or product images for uploaded products.
▶ Correctly estimating product availability prior to the market order and delivery period is sometimes difficult due to unexpected weather or grower emergencies (illness, vehicle breakdown, etc.). In the case of an unexpected shortage, some customers may not receive their product orders on delivery day, which can negatively affect customer satisfaction.
▶ The overall management of the online farmers market requires significant administrative time and volunteer support. Management estimates that approximately seven to 15 hours per week are needed to manage the online market.
▶ The Locallygrown.net software lacks some accounting and bookkeeping tools found in traditional accounting software. However, market reports can be exported to .CSV spreadsheets for further analysis in separate accounting software.

Conclusions and Advice for Farmers Markets Using Locallygrown.net

After almost 10 years of operation, the South Cumberland Farmers Market continues its growth as an organization and online farmers market. In the future, the market aims to achieve a greater balance between the number of producers, product variety and customer demand. The South Cumberland Farmers Market advises beginning online farmers markets to consult extensively with other markets to better understand the challenges involved.
SEVEN SPRINGS FARM TO TABLE: MULTI-FARM COOPERATIVE CSA

https://sevensprings.locallygrown.net

Location: Maynardville, TN  
Staff: Two market managers  
Average Number of Producers/Vendors: Nine  
Market Established: 2015

Introduction

Seven Springs Farm to Table uses the Locallygrown.net software to manage its multi-farm CSA program. The Seven Springs Locallygrown.net market has more than 80 products from nine local producers.

In December 2015, Seven Springs was in the process of planning its first CSA program. The enterprise aimed to differentiate its CSA program from other CSAs by providing customers with a flexible, build-your-own CSA share in which customers would have the opportunity to choose the contents of each CSA share delivery. The farm also wanted to give customers the convenience of ordering their box items, choosing pickup locations, and handling the overall management of their CSA account online.

In addition to choice and convenience, Seven Springs hoped to develop a closer relationship with its CSA customer base by introducing them to other aspects of their farm enterprise, including the Seven Springs Winery, pick-your-own berry patch and on-farm store. They believed that an e-commerce component of the CSA would give them more consistent contact with CSA members and provide them with the opportunity to invite members to their on-farm events.

Networking with local farms and providing them with alternative market outlets are key components of Seven Springs’ marketing strategy. The Seven Springs on-farm store features an assortment of value-added products from other local farms. With an online multi-farm CSA program, customers have first access to the fresh produce grown by Seven Springs and are able to purchase value-added products from the on-farm store as CSA share add-ons.

After thoroughly reviewing their e-commerce options, they determined that the Locallygrown.net software would facilitate the management and logistics of their multi-farm CSA program. Additionally, the software would allow them to achieve their short- and mid-term business objectives and aligned well with their budget constraints.

Customer Sign-up and Payment Process

Seven Springs Farm to Table provides CSA sign-up information — share types, pricing, season length, membership forms, fees and pickup locations — on their business website and Locallygrown.net platform. The farm offers different sized, customizable CSA boxes with five delivery locations, including on-farm pickup. CSA members can download the CSA membership form, fill out the form, and submit it by email to complete the sign-up process. Members pay for their share upfront with cash, check, credit or debit card. Thereafter, members are asked to create user accounts in the Seven Springs’ Locallygrown.net storefront.

CSA Share Management and Logistics

Seven Springs uses the Locallygrown.net software to offer its customers a build-your-own CSA program. A build-your-own CSA adds value to the CSA experience by giving customers the ability to customize the contents in their shares. The online store features and automated order reporting available with Locallygrown.net make the build-your-own CSA model a workable CSA program for Seven Springs. Using Locallygrown.net’s automated electronic record-keeping system to take orders and track customers’ balances saves Seven Springs management time and ensures accounting accuracy while administering their build-your-own CSA program.
The majority of fruits, vegetables and beef products available to CSA members in the online market are grown or raised by Seven Springs Farm. However, they supplement with some fresh produce, pork, eggs and value-added products, such as honey, dairy items (milk, cheese, butter and buttermilk) and spices, by sourcing directly from local farms (Figure 12).

Because choice is a cornerstone to their CSA program, Seven Springs felt that providing more than fresh produce, including value-added products from multiple farms, would add to CSA members’ satisfaction, and in turn, contribute to long-term CSA-member retention. Additionally, because most of the value-added products sourced from their collaborating local farms are stored in their on-farm store's cold storage space, the logistics of aggregating from multiple farms, storing and packing for CSA share delivery is a smooth process.

Each week, Seven Springs adds store credit to customer account balances in Locallygrown.net according to the weekly value of the CSA share divided up across the CSA season (i.e., $20/share, $30/share, etc.). Seven Springs opens their Locallygrown.net market from Saturday evening to Monday at midnight. An email is sent to CSA members notifying them that the online store has opened for product ordering. During this ordering time window, CSA members can build their own CSA share using their fixed level of store credit. CSA members can spend more than their allotted credit, however. Locallygrown.net indicates when customer spending surpasses their store credit by showing negative balances in the final order reports so that customers can pay the balance on delivery day.

Because customers use their discretion in building CSA shares, a question for Seven Springs was whether they needed to stipulate buying limits for individual items in the online store. If several members should choose to spend all of their share value on one product, sufficient product may not remain for all CSA members. However, this has not been an issue in their experience of using the Locallygrown.net software. On average, CSA members spend the majority of their credit on fruits and vegetables and allocate the remaining balance to meats and eggs. Further, CSA members typically order between $5 to $10 in share add-ons, an increase in sales that Seven Springs credits to doing business online. CSA share product add-ons primarily consist of the value-added products contributed by neighboring farms.

When the online market closes, Seven Springs uses Locallygrown.net’s ordering, packing and label reports to create each customer’s individualized CSA share box. Because Seven Springs offers five distinct CSA delivery locations on different days of the week, the Locallygrown.net software makes CSA distribution more efficient as the packing reports indicate customer pickup location.

Figure 12. Seven Springs Locallygrown.net CSA program allows customers to freely choose the items for their weekly share deliveries, including value-added product options from other local farms. (Source: Seven Springs Farm to Table, http://sevensprings.locallygrown.net/market)
A build-your-own CSA adds value to the CSA experience by giving customers the ability to customize the contents in their shares.

Benefits

Seven Springs identified several benefits of using the Locallygrown.net software in their first year of managing a multi-farm CSA.

▶ The software allowed them to meet their goals of providing choice and convenience to CSA members through an online ordering system.
▶ CSA members have expressed their satisfaction with the online, build-your-own CSA program.
▶ Creating an online store with multiple farms’ products was not overly complex and allowed Seven Springs to meet their goal of further developing networks with local farms.
▶ Sales of add-on products for CSA shares were frequent with the multi-farm CSA e-commerce experience.
▶ The overall management of the CSA program, including harvest, packing and delivery were greatly facilitated with Locallygrown.net’s order reports and labels.

Challenges

Despite these benefits, it is also important to recognize the challenges that Seven Springs encountered in operating their first year CSA using the Locallygrown.net software.

▶ Setting up the Locallygrown.net account and market required a considerable upfront time investment. Seven Springs reported that it took approximately five days to create their account and upload CSA membership details, product prices, descriptions, pictures and grower profiles. Administrating the e-commerce component of their CSA program requires approximately one hour per week.
▶ Providing adequate descriptions and pictures for products can be challenging in an online store, as customers rely on this information when building their CSA boxes.
Conclusions and Advice for Enterprises Using Locallygrown.net

Seven Springs intends to expand their CSA program next season by increasing their CSA customer base, and they expect that the e-commerce, build-your-own share component of their CSA will help them retain customers from last year. They plan to continue using the Locallygrown.net software to facilitate their CSA's growth. However, as opposed to allocating a fixed level of store credit per week, Seven Springs plans to allot the full CSA share value to each customer's balance in Locallygrown.net, which allows them to purchase as much product as they desire on any given week until their balance reaches zero dollars.

Because setup time of the Locallygrown.net software can be significant, Seven Springs advises that enterprises plan early and use downtime in the winter to ensure that their market is fully operational prior to the marketing season. Conducting mock sales of products to simulate the CSA member buying experience and using well-written product descriptions with clear product images are recommended best practices.
This material is based upon work supported by USDA/NIFA under Award Number 2015-49200-24228.

Programs in agriculture and natural resources, 4-H youth development, family and consumer sciences, and resource development. University of Tennessee Institute of Agriculture, U.S. Department of Agriculture and county governments cooperating. UT Extension provides equal opportunities in programs and employment.