

# Urban Small Farms Conference 2019

Thursday, February 21st, 2019

<b>Time</b>	<b>Marketing Management</b>
8:00	What Hoops Must I Jump through as I Set Up a Small Business? - Steve Johnson <b>pg. 211</b>
8:30	
9:00	Requirements for Selling Farm Produce - Karin Allen, USU <b>pg. 217</b>
9:30	
<b>10:00 - 10:30 Break</b>	
10:30	Produce Pricing Trends for Farmers' Markets and Grocery Stores - Karli Salisbury, USU <b>pg. 218</b>
11:00	
11:30	Marketing on a Budget - Ruby Ward, USU and Laurie Seron, UDAF <b>pg. 222</b>

Click on a session you would like to view and it will take you there!

## What Hoops Must I Jump through as I Set Up a Small Business?

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What kind of business entity should I use, and how do I set up the entity? What federal requirements do I have as a small business? What state requirements do I have as a small business? What local requirements do I have as a small business?

### **Steven Johnson**

Attorney at Law

Steven G. Johnson, Attorney at Law

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Mr. Johnson graduated in 1974 from Brigham Young University with a B.S. degree in University Studies (Mathematics, Economics, Asian Studies, and Physical Sciences). He graduated from the J. Reuben Clark Law School at Brigham Young University in 1977. He was admitted as a member of the Utah State Bar in 1977, and as a member of the State Bar of California in 1989. He is currently inactive in California. He was a partner in a small Salt Lake City law firm for several years before being appointed General Counsel for Norbest, Inc. After leaving Norbest in 2006, he has practiced law in Highland, Utah.

Mr. Johnson has served as chair of the Utah State Bar's Corporate Counsel Section and of the Dispute Resolution Section. He has served as chair of the Bar's Fee Dispute Resolution Committee and was appointed by the Utah Supreme Court as a Trustee of the Mandatory Continuing Legal Education Committee. In 2010, he was appointed as chair of the Supreme Court's Advisory Committee on the Rules of Professional Conduct. He was awarded in 2018 the Supreme Court's Service to the Court Award.

Mr. Johnson has taught farmer cooperative courses in Ethiopia and in Eritrea. He is frequently called on to teach seminars to attorneys on lawyer ethics.

In addition to practicing law, Mr. Johnson serves as an arbitrator and mediator.

He and his wife Jacquie have eleven children and twenty-five grandchildren.


# What Hoops Must I Jump through as I Set Up a Small Business?

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STEVEN G. JOHNSON, ATTORNEY AT LAW

A thick, solid blue horizontal bar spans the width of the slide, positioned below the author's name.

This discussion assumes that you have already:

- a. formulated a business plan for this idea of yours;
  - b. talked to your spouse and children about your ideas, and obtained their support;
  - c. talked to your brother-in-law who promised you that you could use his land/building/truck/etc.; and
  - d. made a reasonable decision to go forward with your ideas.
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# Kinds of Business Entities

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Sole Proprietorships

Partnerships

Limited Partnerships

Corporations

Subchapter S Corporations

Limited Liability Companies

# What are the main concerns in deciding what type of entity to use?

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PROFITS—WHO GETS THE PROFITS AND LOSSES?

TAXATION—WHO PAYS THE TAXES ON PROFITS OF THE BUSINESS?

LIABILITY—WHO IS LIABLE FOR BUSINESS DEBTS AND LIABILITIES?

CONTINUITY—WHAT HAPPENS WHEN AN OWNER DIES OR WANTS TO TRANSFER OWNERSHIP?

CONTROL--WHO MANAGES THE BUSINESS?

PURPOSE--WHY IS THE ENTITY BEING ORGANIZED?

# SOLE PROPRIETORSHIP

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ANYONE CAN BE AN OWNER





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THE SOLE PROPRIETOR IS LIABLE FOR ALL OF THE DEBTS AND LIABILITIES OF THE BUSINESS; ALL OF HIS OR HER ASSETS ARE SUBJECT TO THE BUSINESS DEBTS

# Sole proprietorship

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THE SOLE PROPRIETOR IS LIABLE FOR ALL OF THE DEBTS AND LIABILITIES OF THE BUSINESS; ALL OF HIS OR HER ASSETS ARE SUBJECT TO THE BUSINESS DEBTS

WHEN THE OWNER DIES, THE BUSINESS IS DISSOLVED AND THE ASSETS (AFTER THE PAYMENT OF THE DEBTS OF THE BUSINESS) ARE PASSED TO THE OWNER'S HEIRS

# PARTNERSHIPS

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ANYONE CAN BE A PARTNER, INCLUDING OTHER ENTITIES

THERE CAN BE ANY NUMBER OF PARTNERS

THE PARTNERS MANAGE THE BUSINESS PURSUANT TO THEIR PARTNERSHIP AGREEMENT

# partnerships

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*"It makes perfectly good sense, Mehan. You're a junior partner-- you get a junior desk."*

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THE BUSINESS IS DISSOLVED ON THE DEATH OF A PARTNER (UNLESS . . .)





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# SUBCHAPTER S CORPORATIONS

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INDIVIDUALS WHO ARE U.S. CITIZENS CAN BE SHAREHOLDERS (C CORPORATIONS, OTHER S CORPORATIONS, LLC'S, PARTNERSHIPS OR CERTAIN KINDS OF TRUSTS MAY NOT BE SHAREHOLDERS)

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# LIMITED PARTNERSHIPS

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ONLY THE GENERAL PARTNERS ARE LIABLE FOR THE BUSINESS DEBTS

ON THE DEATH OF A LIMITED PARTNER, THE BUSINESS CONTINUES; ON THE DEATH OF A GENERAL PARTNER, THE PARTNERSHIP IS DISSOLVED UNLESS A NEW GENERAL PARTNER BECOMES ASSOCIATED WITH THE COMPANY WITHIN 90 DAYS



# LIMITED LIABILITY COMPANIES

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ONLY THE BUSINESS IS LIABLE FOR THE DEBTS AND LIABILITIES OF THE BUSINESS

THE BUSINESS CONTINUES IF A MEMBER DIES (SUBJECT TO PAYING OUT THE DECEASED MEMBER'S INTERESTS)



Now that you've decided what kind of entity you want your business to be, what do you do?

This is where you may need to consult with a professional to formally establish your new business.

- a. Sole proprietorships and partnerships—there are no formalities for sole proprietorships or partnerships as far as filing documents with the state, but if you use a trade name, you should protect the name by filing it with the state:
  - b. Go to the State of Utah Division of Corporations, where you can file the trademark or trade name online
  - c. There is a \$50 filing fee
  - d. The site to set up an online account for these registrations is at <https://secure.utah.gov/account/log-in.html>
- 


For corporations (including S corporations) and LLC's, there are entity registration (filing) requirements:

Corporations: go to <https://corporations.Utah.gov/business/dp.html>  
(the "dp" stands for "domestic profit")

LLC's: go to <https://corporations.Utah.gov/business/lc.html>

The OneStop Online Business Registration site is also found at  
[osbr.Utah.gov](https://osbr.Utah.gov)

You'll need the following information to complete the registration:

1. The business entity type (e.g., corporation, LLC, etc.).
  2. The proposed name of the business.
  3. The date the business is going to start in Utah.
  4. The date of the first Utah payroll.
  5. The names, addresses, telephone numbers, FEIN's or SSN's of the corporate officers , LLC members, and the Registered Agent.
  6. The business location.
  7. A brief description of the business activity.
  8. The name and telephone number of the person submitting the registration.
  9. A form of payment.
- 

It is also best to have the Federal Employer ID Number in advance of the state filing. You can easily obtain a FEIN at:

[http://sal.www4.irs.gov/sa\\_vign/newFormSS4.do](http://sal.www4.irs.gov/sa_vign/newFormSS4.do)

Answer the questions asked, and fill in the requested information.

For corporations, you will be able to file your **Articles of Incorporation**.

For LLC's, you will be able to file your **Articles of Organization**.

By law, these documents must be filed with the Utah Department of Business Regulation. The **filing fee** for these documents is \$70.00.

A word of caution—

Many businesses will file these required documents with the state, but then run into trouble later because they never prepared the documents that tell you how to run the business on a daily basis and how the owners (if there is more than one owner) interact with each other.

For partnerships, you'll need a **partnership agreement**.

For corporations, you'll need **bylaws** (and maybe a shareholder agreement).

For LLC's, you'll need an **organizational agreement**.

You can't prepare these documents through the state filing system. You must prepare them separately. A competent attorney can help you with these documents.

Speaking of having a good attorney, it's also wise to have a **good accountant** who can help you with tax issues.



Back to the Utah OneStop Online Business Registration site:  
Utah and many other states have made it very easy to apply for all of the necessary state licenses in only one stop.  
The Utah OneStop Online Business Registration site lets you not only register your business, but also apply for a **sales tax number**, which you will need if you are selling goods (because you need to collect sales taxes on the goods sold) or certain services.  
FYI, the Utah State Tax Commission provides online training on sales tax matters. It is available at [tax.Utah.gov/training](https://tax.Utah.gov/training).  
You'll need to file a sales tax return for every period the tax account is open, whether or not a tax is due.

If you will have employees and will pay wages, you must also register for a **state withholding tax account**. You will be required to withhold taxes from your employees' wages. The OneStop site helps you to do this.

Utah's OneStop Online Business Registration site also helps you to sign up for services with the Utah Department of Workforce Services.

You'll need to file a **W-4 form** for each new employee with the Utah New Hire Registry at [jobs.utah.gov/newhire](https://jobs.utah.gov/newhire).

You'll need to obtain **unemployment insurance** for your employees.

Utah provides *The Employer Handbook* and *Facts about Unemployment Insurance in Utah* at the Department of Workforce Services website [jobs.Utah.gov](https://jobs.Utah.gov).

Workers' compensation insurance should be purchased from a private insurance carrier or through the State.

You can learn about Workers' compensation insurance at [laborcommission.utah.gov/IndustrialAccidents/SmallbusinessCarriers.html](https://laborcommission.utah.gov/IndustrialAccidents/SmallbusinessCarriers.html).

You are required by the federal government to keep a completed federal **I-9 form**, Employment Eligibility Verification, for each employee. The form must be completed at the time of employment. The U. S. Citizenship and Immigration service site is [uscis.gov/portal/site/uscis](https://uscis.gov/portal/site/uscis).

In addition to the state and federal requirements for businesses, local governments also require certain things from businesses.

Make sure your business complies with the **zoning laws** of your jurisdiction, whether it is in a city or in the county.

You'll need to obtain a local **business license** as well.

Local governments usually require that you have already obtained your EIN and a state sales and use tax license before applying for a business license.

QUESTIONS?

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THANK YOU.

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## Requirements for Selling Farm Produce

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Whether you're selling fresh produce from your yard or bottled jam at a Farmer's Market, you need to comply with food safety regulations. This session will cover the food permits needed for different types of sales (e.g. raw intact produce, cut produce, farm-exempt processing) and different sales venues. The options for home-based processing will also be covered, including the requirements for the Utah Home Consumption and Homemade Food Act passed into law in 2018.

### **Karin Allen**

Food Quality Specialist  
Utah State University  
Karin.allen@usu.edu

Karin Allen is an Associate Professor in the Department of Nutrition, Dietetics and Food Sciences at Utah State University and serves as the Food Quality and Entrepreneurship Specialist for Cooperative Extension. Dr. Allen works with small food producers (both on and off the farm) to address food processing issues including labeling, safety, and regulatory compliance, as well as issues specific to agritourism and community supported agriculture operations.





# Selling Your Farm Products

## *Food Business Options*

*Karin Allen, PhD*

*Food Quality & Entrepreneurship Specialist*

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EXTENSION   
UtahStateUniversity

EXTENSION.USU.EDU

# Many Options to Sell Farm Products

## Venues

- Farmer's markets
- Outdoor markets
- Retail stores
- Farm stand or booth on your property

## Types of Food

- Raw, whole produce, nuts, or grains
- Eggs
- Poultry
- Raw Dairy
- Honey
- Processed food (jam, salsa, cookies)

# Venue Definitions

- Farmer's Market
  - Only raw, unprocessed produce, grains or eggs
- Outdoor Market
  - Any foods or other products
- Direct-to-sale Market
  - Only foods made under the Home Consumption and Homemade Food Act
  - Can also sell raw produce, grains and eggs

# Raw Produce, Nuts and Grains

- Do not need to register with UDAF
  - Only applies to grains sold as food, not as seed
- Must be sold by grower
- Produce must be whole and unprocessed
  - Can wash to remove dirt, dust
  - Cannot peel, cut, shred, tear, dehydrate, etc.
  - Must be displayed off ground

# Eggs

- Small operations do not need to register with UDAF
  - Less than 3000 hens (HB 256 would codify this)
- Must be sold by producer (owner of chickens)
- Requirements for eggs (UDAF rules)
  - Eggs should be cleaned and held at or below 45°F
  - Egg cartons must have safe handling instructions and cannot be reused
  - Egg cartons must have name and address of producer

# Poultry

- Small operations do not need to register with UDAF
  - Slaughter and sale of 1000 birds or less annually
  - Must comply with USDA exemption guidelines
- Must be sold by producer (owner of chickens)
- Can only be sold direct to consumer
  - Farm stands or stores on private property
  - Direct-to-sale Markets (Homemade Foods Act)

# Raw Dairy

- Small operations must notify UDAF, but not register
  - Up to 120gal per month (HB182 to include cream, butter)
- Must be sold by producer directly to consumer
  - Only self-owned stores or stands on-premises
  - Cooled to 50°F within 1hr then to 41°F within 2hr
- Specific requirements (Utah Code 4-3-503)
  - Herd health, milk testing, labeling
  - "This raw milk has not been licensed or inspected by the state of Utah. Raw milk, no matter how carefully produced, may be unsafe."

# Honey

- All hives must be registered with UDAF
  - Up to 20 hives is \$10 annually
- Raw honey must meet definition
  - Extracted, settled, or strained but not pasteurized
- Honey bottling
  - Commercial and home kitchen options
  - More information in Processed Foods section



# Processed Foods

- Commercial processors
  - Inspection and registration with UDAF
  - Most must register with FDA, some on-farm processing is exempt if inspected under the Produce Safety Rule
  - No restriction on where foods can be sold
- Home processors
  - Two options in Utah
  - Restrictions on food types, sales venues

# Two Home-Processing Options in Utah

- 2007 – HB 339, Regulation of Cottage Food Production Operations
  - Amended in 2017 Session by HB 58, Direct Food Sales Amendments
- 2018 – HB 181, Home Consumption and Homemade Food Act
  - Does not replace the Cottage Food Program
- Both have pros and cons
  - Which is best depends on your business

# Overview of Cottage Program

- Utah Code, Chapter 4-5-501
- Allows non-potentially hazardous foods to be made in private home kitchens, products must be approved by UDAF
- Must have business license, food handler's permit and pay annual registration fee
- Specific labeling requirements
- Cannot sell to restaurants (to use as an ingredient) or for consumption on-premises
- Apply at <https://ag.utah.gov/cottage-food-production.html>

# Overview of Homemade Foods Act

- Utah Code, Chapter 4-5(a)
- Allows all but a few specific foods to be made in private home kitchens
- Must have business license
- Specific labeling requirements
- Only direct to consumer sales from home, private property, or outdoor markets, no restaurants or stores
  - Specific signage requirements for outdoor markets

# Licensing, Registration Requirements

## Cottage Program

- Business License
  - Cost varies by city
- Food Handler's Permit
- UDAF registration

## Homemade Food Act

- Business License
  - Cost varies by city

# Types of Food Products Allowed

## Cottage Program

- Only non-potentially hazardous foods
  - No refrigerated foods or meats
  - No acidified or low-acid bottled foods
  - No baked goods with vegetables or cream/dairy fillings

## Homemade Food Act

- No raw milk or raw dairy products
- No meats or meat products under USDA jurisdiction\*
  - Small-scale poultry production allowed
- All other foods allowed

\*UDAF will review meat-containing products on a case by case basis to determine if they would be USDA or FDA regulated

# Labeling Requirements

## Cottage Program

- FDA labeling requirements
- “Home Produced” by name
- Font size and placement requirements

## Homemade Food Act

- Producer name & address
- Allergen listing
  - Ingredient statement not required
- “Not for Resale”
- “Processed and prepared without the benefit of state or local inspection”
- No font size or placement requirements

# Example Honey Labels

## Cottage Program

Hypothetical Honey Co.  
350 N REDWOOD RD, SALT LAKE CITY, UT 84116

Home Produced

**HONEY**

NET WT 24 OZ (1.5 LB) 680 g

## Homemade Food Act

**HONEY**

*NOT FOR RESALE  
Processed without State  
or Local inspection*

This food was prepared in a location that also handles  
tree nuts (pecans)

Hypothetical Honey Co.  
350 N REDWOOD RD, SALT LAKE CITY, UT 84116



# Allowed Sales Locations

## Cottage Program

- Intent is to be direct-to-consumer
- Cannot sell to be eaten on premises
- Cannot sell to restaurants as an ingredient
  - Can sell to restaurants to be used as made – e.g. cakes or pies

## Homemade Food Act

- Must be direct-to-consumer
  - Sales from home, private property
- Direct-to-Sale Market
  - ONLY homemade foods
- Farmer's Markets
  - Must separate homemade foods into single section of market, display sign
- Cannot sell to restaurants or commercial establishments

# Required Wording for Homemade Section at Farmer's Markets

**FOOD ITEMS OFFERED FOR  
SALE IN THIS SECTION OF  
THE FARMERS MARKET  
ARE HOMEMADE AND  
HAVE NOT BEEN CERTIFIED,  
LICENSED, REGULATED, OR  
INSPECTED BY STATE OR  
LOCAL AUTHORITIES**

- 22 x 28" minimum
- White background
- Red print
- Capitalized text, at least 2" in height



# Questions?

*[karin.allen@usu.edu](mailto:karin.allen@usu.edu)*

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**EXTENSION**   
**UtahState**University

**EXTENSION.USU.EDU**

Sprouted seeds and wild harvested mushrooms are NOT allowed for sale at a farmers market without prior approval from UDAF.

### GOOD AGRICULTURAL PRACTICES

Vendors that are also growers are encouraged to understand and apply “good agricultural practices” (GAP).

The focus of GAP guidelines is to assure safe and unadulterated products through best practices and recommendations regarding the use of agricultural chemicals, manure as a fertilizer, and on-farm sanitation practices.

GAP guidelines are available online from the FDA: Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables.

Another online tool, onfarmsafety.org, was developed by a broad coalition of farm and produce industry partners, and called the On-Farm Food Safety Project.



### FOODSERVICE OPERATIONS

Vendors preparing food onsite are required to obtain a permit from the local health department in the jurisdiction of the outdoor market.

### WHO ARE WE?

UDAF is the regulatory food safety authority for all food manufactured, processed, packaged, stored, transported, wholesaled and offered for retail sale in the State of Utah; including those foods sold at outdoor markets.

UDAF further provides food safety education through routine inspection and the enforcement of Utah Food Protection Rules, the current FDA Food Code, FDA and USDA Codes of Federal Regulations. These requirements are based upon regulations in the Utah Food Protection Rule R70-530. Additional information can found on the UDAF website [www.ag.utah.gov](http://www.ag.utah.gov).

Other regulatory authorities within and outside of UDAF may have their own requirements. Always check with the local licensing departments and health departments in the area of your farmers market for additional requirements.



350 N Redwood Road, Salt Lake City, Utah  
801-538-7100, [www.ag.utah.gov](http://www.ag.utah.gov)

## REQUIREMENTS FOR FOOD OPERATIONS AT OUTDOOR MARKETS



## FARMERS MARKET PRODUCTS

### WHAT YOU NEED TO KNOW

A proactive approach regarding food safety at outdoor markets will safeguard vendors from violations that have the potential to make consumers ill.

With the aid of the Utah Department of Agriculture and Food (UDAF) market operators and vendors are responsible for ensuring food safety regulations are followed during operation.

Outdoor market operators are required to register their markets through UDAF and be inspected by department representatives.

In the following sections, requirements are outlined for foods commonly found at farmers markets.

### FRUITS AND VEGETABLE

Unprocessed whole fruits and vegetables, in-shell nuts and other whole agricultural products can be sold at a farmers market without the vendor obtaining a registration permit from UDAF. The vendor must be the original grower. If the vendor is selling unprocessed whole fruits and vegetables purchased from another farmer or distributor then a registration permit is required.

Fruits and vegetables should be stored and displayed so they are protected from contamination. Store them off of the ground and protected from rain or other contaminants.



# REQUIREMENTS FOR FOODS FOUND AT FARMERS MARKETS

## PROCESSING FRUITS & VEGETABLES

An inspected and approved facility must be used to process fruits and vegetables.

Examples of processing include: cutting, slicing, spinning leafy greens, slicing tomatoes, canning and salsa production.

## SAMPLES:

Vendors may be able to provide customers a sample of their products if approved by the local health department whose jurisdiction the market is in.

If a local health department does not offer a sampling permit or guidance then the following guidelines shall be met:

- Small items, such as cherries or strawberries, should be washed before being given as samples.
- Larger items like peaches or apples must also be washed and then cut in order to offer a small portion as a sample.
  - If cutting off site, it should be done at an approved and inspected location.
  - If cutting is done on site, the vendor must have hand washing facilities, gloves and a facility to wash, rinse and sanitize the utensils and cutting board.
- The sampling should be done by using toothpicks or individual cups to dispense the food. The public should never reach into a bulk container to get a sample.

## JAMS, JELLIES & HONEY

Vendors who sell jams, jellies and honey must be registered and approved by UDAF.

## BEEF, PORK & POULTRY

Each package of meat must bear a mark of inspection from either USDA or UDAF.

- Meat labeled “not for sale” may not be sold at a farmer’s market.
- Meat must be maintained at proper temperatures.
- Meat labels must include safe handling instructions and nutrition facts when required.

## REFRIGERATED FOODS

Temperature control is best achieved by mechanical refrigeration. However, if ice is used as a refrigerant the following requirements should be met:

- Storage of open food products in contact with ice is prohibited.
- Packaged foods that are subject to the entry of water because of the nature of packaging, wrapping, or container, cannot be stored in contact with ice or water.
- If ice is the principle means of refrigeration, it must be done in such a way that the ice is constantly draining into a properly designated area or in a container.
- Vendors who sell refrigerated foods are required to have a thermometer to verify food is being maintained at or below 41°F.

## FROZEN FOODS

Frozen foods such as meat, fish and foods originally frozen that indicate “Keep Frozen” on the label shall remain frozen and not be allowed to thaw at an outdoor market. Mechanical refrigeration equipment should be used; however dry ice may be used to maintain freezing temperatures.

## DAIRY PRODUCTS

Raw milk may not be sold at an outdoor/ farmers market. Cheese made with raw milk may be sold if aged 60 days and beyond and the manufacturer is licensed by UDAF.

All dairy products (milk, cheese, yogurt, cottage cheese, butter, sour cream, etc.) must be licensed by UDAF or licensed in the state the product originated. The packaging of these items must be intact, properly labeled and have proper temperatures maintained while at the market.

## EGGS

Vendors may sell eggs at an outdoor or farmers market and are exempt from registration and prior approval from UDAF, provided the vendor owns the chickens from which the eggs are produced. A vendor may not resell another farmer’s eggs. Though a vendor may be exempt from registration and prior approval from UDAF while selling his own eggs, the following guidelines shall be met:

- Eggs should look clean.
- Egg cartons should have the name and address of the producer.
- Egg cartons must have safe handling instructions and “Keep Refrigerated” on the label.
- Reuse of egg cartons is prohibited.
- Eggs must be maintained at 45°F or below while at the market.



## OTHER REQUIREMENTS

Food sold at an outdoor or farmers market must be presented honestly and not mislead the public.

Vendors’ dogs and pets shall not be allowed to be kept at the vendor booth or in close proximity to food.

All packaged food is subject to federal label requirements. Only items that are packaged in an approved establishment with complete labeling information will be allowed to sell at an outdoor market.

Fish and shellfish intended to be consumed raw shall not be sold at an outdoor market.

“Cut leafy greens” are leafy greens whose leaves have been cut, shredded, sliced, chopped, torn or any other process applied (spun, washed, and packaged ready to eat) beyond normal harvesting practices. Cut leafy greens are considered a time and temperature sensitive food and therefore require refrigeration. Registration and inspection by UDAF is also required.

Vendors shall provide market operators a copy of their UDAF registration permit and display a copy at their booth.

## Produce Price Trends for Farmers' Markets and Grocery Stores

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Produce pricing can be tricky, you want to make sure that you are staying competitive without under valuing your own products, time, quality, and effort. Which is why we collected price information from farmers' markets and grocery stores across Northern Utah, to see what the price trends are. We will be presenting some of these findings to help you make more informed marketing decisions to maximize your profits.

### **Karli Salisbury**

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Karli received her BS in Economics and her MS in Applied Economics with an emphasis in rural development from USU. She is currently working for USU as a research assistant providing money management outreach materials to American Indians, extension materials on farmers' market produce price trends as well as conducting impact analysis.

# Produce Pricing Trends for Farmers' Markets and Grocery Stores

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CONSUMER AFFORDABILITY AND PRODUCER PROFITABILITY

# Outline of Presentation

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- Introduction to the Issue
- Background Information
- Research Goal
- Previous Research
- Data Collection
- Analysis/Results:
  - Market Basket of Produce
  - Individual Produce Items
- Conclusions



Photo Credits: USU Extension



# Introduction

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- The U.S. population is NOT eating the recommended amounts of fruits and vegetables (Casagrande et al. 2007).
- A general increase in consumption of fresh produce when shopping at a farmers' market (Jilcott Pitts et al. 2015).
- We have reached a saturation point with farmers' markets (Low et al. 2015).
- There is little price data available for fresh produce sold through direct markets.



# Background Information - Consumers

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US residents do not consume the recommended levels of fruits and vegetables



Availability

- Farmers' Markets are viable alternatives to brick and mortar stores (Dimitri, Oberholtzer, and Nischan 2013; Hinrichs 2000).

Access

- Federal nutrition assistance programs have made funds available to use at farmers' markets (Martinez et al. 2010).

Cost

- Creation of farmers' market incentive programs (Winch 2008; Dimitri et al., 2013)
- Common perception

# SNAP Redemptions

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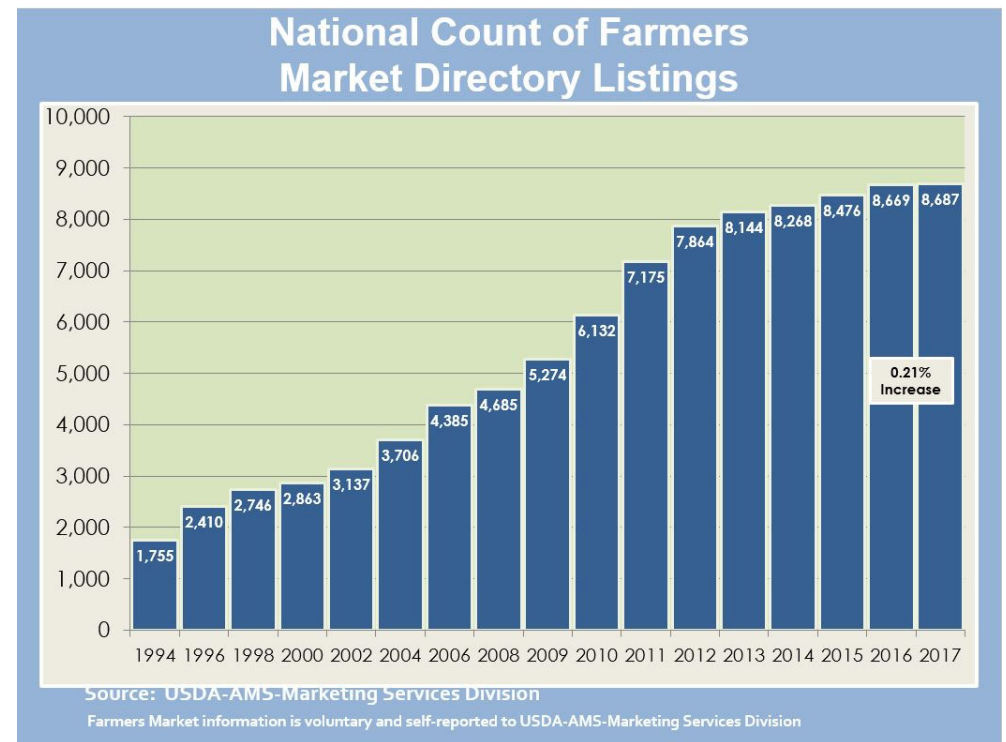
- Total SNAP redemptions at farmers' markets

	2012 Participation	2017 Participation	% Increase	2012 Redemptions	2017 Redemptions	% Increase
Utah	17	34	100%	\$50,471	\$125,458	149%
National	3,214	7,377	130%	\$16,598,225	\$22,440,312	35%

- In 2017, Utah SNAP Redemptions amounted to roughly \$283 million dollars
- There is potential to reach a broader base

# Background Information - Producers

- Increasing popularity of farmers' markets
- Increasing consumer demand for
  - Fresh Produce
  - Low environmental Impact
  - Greater Bio-diversity
  - General Support for Local Farmers
- The number of farmers' markets has plateaued (Agricultural Marketing Service 2018).
- Value of sales generated through direct markets has declined (Low et al. 2015).



# Research Goal

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Compare the actual price differences between farmers' markets and grocery stores.

- Market Basket of Produce
  - Compare price differences of a basket of produce for Northern Utah by area and month
  - Difference in means test between farmers' markets and the neighboring grocery stores.
- Individual Produce Items
  - Compare price differences among produce varieties as well as premiums for different market types, organic production, and seasonality.
  - Hedonic price analysis





# Previous Research

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Research done on the price comparisons of farmers' market and grocery store produce do not agree.

- Vermont Study (2011) – found that farmers' markets are significantly less expensive than grocery stores with the exception of potatoes and eggs.
- North Carolina Study (2011) – found no significant price differences between farmers' markets and grocery stores.
- North Carolina Study (2014) – found that farmers' market to be significantly more expensive at the farmers' markets.
- ERS Study (2015) – first national study found overall that direct to consumer outlets are significantly less expensive than grocery stores.



# Data Collection

June to October 2016 and June to September 2017.

8 farmers' markets and 17 local and national grocery stores.

Multiple observations were taken at the farmers' markets and averaged for that day.

A 3% food tax was added to grocery stores.

Observations were normalized to a \$/lb.

Northern (Urban)			Southern (Rural)		
Logan	N	% Obs.	Moab	N	% Obs.
Cache Valley FM	418	4%	Moab FM	75	1%
Lee's Marketplace*	761	7%	Village Market*	100	1%
Smith's Grocery	935	9%	City Market	104	1%
Walmart	788	7%			
Ogden	N	% Obs.	Cedar City	N	% Obs.
Downtown Ogden FM	226	2%	Cedar City FM	5	0.0%
Smith's Grocery	1,123	11%	Lin's*	29	0.3%
Macey's*	849	8%	Walmart	30	0.3%
Rancho Market*	426	4%			
Layton/Kaysville	N	% Obs.	Roosevelt	N	% Obs.
USU Botanical Center FM	211	2%	Roosevelt FM	26	0.2%
Bowman's*	731	7%	Davis*	19	0.2%
Target	710	7%			
Salt Lake City	N	% Obs.	Vernal	N	% Obs.
Downtown FM	511	5%	Vernal FM	29	0.3%
Smith's Grocery	952	9%	Davis*	11	0.1%
Walmart	588	6%			
Harmon's*	958	9%			
Urban Total	10,187	96%	Rural Total	428	4%
FM Total	1,501	14%	GS Total	9,114	86%
Local GS Total	3,884	37%	National GS Total	5,230	49%

Note: Asterisks denote a local grocery store



# Analysis: Market Basket Comparison

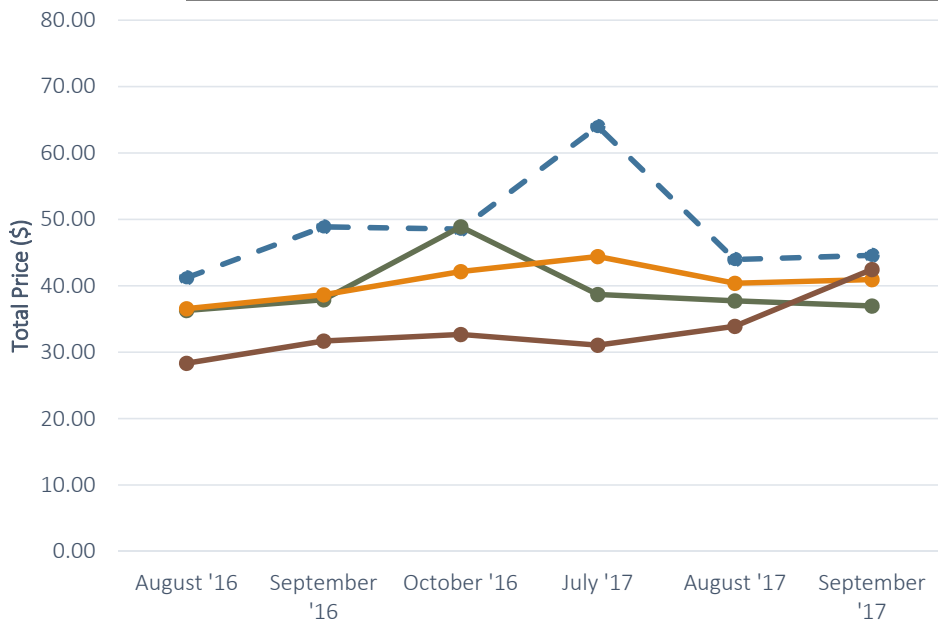
Total Consumption (4 person HH/month)			Large Market Basket		Medium Market Basket		Small Market Basket	
			Mean FM (\$)	Mean GS (\$)	Mean FM (\$)	Mean GS (\$)	Mean FM (\$)	Mean GS (\$)
Sweet Corn	4 ear	3.98 lbs.	1.76	2.03	1.76	2.03	1.76	2.03
Cucumbers	2 each	1.37 lbs.	1.53	1.63	1.53	1.63	1.53	1.63
Green Bell Peppers	5 each	2.52 lbs.	4.05	4.42	4.05	4.42	4.05	4.42
Zucchini (Squash)	1 each	1.14 lbs.	1.03	1.64	1.03	1.64	1.03	1.64
Tomatoes Vine/Slicing	5 each	5.01 lbs.	8.09	8.15	8.09	8.15	8.09	8.15
Carrots	1 bunch	2.29 lbs.	4.82	1.74	4.82	1.74		
Garlic	2 clove	0.57 lbs.	3.89	2.14	3.89	2.14		
Potatoes Red	3 bag	9.29 lbs.	13.82	8.85	13.82	8.85		
Raspberries	1 carton	0.47 lbs.	3.41	4.53	3.41	4.53		
Cantaloupe	1 each	4.35 lbs.	3.35	2.32	3.35	2.32		
Green Cabbage	1 head	2.71 lbs.	2.45	1.96				
Broccoli	2 head	2.07 lbs.	5.63	3.15				
Yellow Onions	2 each	4.39 lbs.	5.64	3.24				
Green Beans (Snap Beans)	0.5 lb.	0.53 lbs.	1.44	1.29				
Romaine	2 head	2.42 lbs.	9.28	3.22				
Spinach	1 bag	0.73 lbs.	4.29	1.46				
Strawberries	2 carton	2.16 lbs.	11.67	5.53				
Watermelon	1 each	12.13 lbs.	5.17	5.51				
		N	21	66	22	66	22	66
		Maximum	123.68	79.83	69.12	48.97	27.13	27.64
		Average Market Basket Price	91.32	62.81	45.62	37.44	16.24	17.87
		Minimum	68.28	44.42	26.50	28.35	9.34	12.16
		SD	16.96	6.54	12.11	4.31	4.87	3.13



# Analysis: Market Basket Comparison

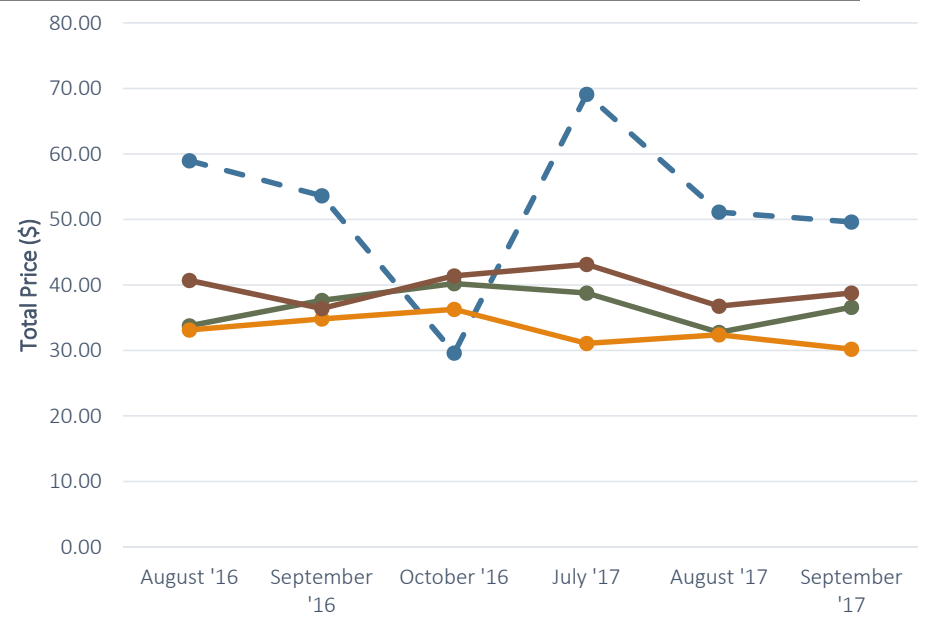
## Medium Market Basket

Ogden Area



● Ogden FM    
 ● Smith's Grocery    
 ● Macey's    
 ● Rancho Market

Salt Lake City Area



● Downtown FM    
 ● Smith's Grocery    
 ● Walmart    
 ● Harmon's Grocery

# Results: Market Basket Comparison Summary

	Logan Area				Ogden Area				Kaysville/Layton Area			Salt Lake Area			
Total Price ( \$ )	Logan FM	Lee's <sup>†</sup>	Smith's	Walmart	Ogden FM	Smith's	Macey's <sup>†</sup>	Rancho Market <sup>†</sup>	USU FM	Bowman's <sup>†</sup>	Target	Downtown FM	Smith's	Walmart	Harmon's <sup>†</sup>
Large Market Basket	89.00	61.03**	61.19**	66.63**	92.50	64.09***	65.34***	50.90***	86.35	60.76**	73.17	97.44	60.59***	59.95***	67.22***
Medium Market Basket	41.50	36.57	36.93	39.86	48.54	39.42**	40.52**	33.36***	39.97	34.42	41.68	52.02	36.62**	32.98**	39.52**
Small Market Basket	14.37	17.25	16.99	21.65**	17.93	18.25	18.90	\$13.53*	15.03	16.80	21.97**	17.73	17.36	15.75	18.06
Number of Market Baskets	6	6	6	6	5	6	6	6	4	6	6	6	6	6	6

Note: <sup>†</sup> denotes local chain. 95% CI Significance Level: (\*\*\*) 1%, (\*\*) 5%, (\*) 10%



# Analysis: Individual Produce Items

	Observations		Mean (\$/Lb.)	
	FM	GS	FM	GS
<b>Tomato Varieties</b>	192	971	2.52	2.60
Vine Tomatoes	79	363	4.07	1.91
Roma Tomatoes	51	312	1.72	1.26
Cherry Tomatoes	62	296	4.66	4.87
<b>Leafy Greens</b>	106	904	2.26	3.98
Romaine Lettuce	39	329	3.26	1.61
Mixed Greens	47	283	6.59	7.89
Spinach	20	292	6.00	2.87
<b>Medium Market Basket</b>	673	2,996	2.17	1.61
Cantaloupe	45	323	0.83	0.64
Carrots	84	363	2.22	0.98
Cucumbers	85	395	1.30	1.49
Garlic	82	238	7.15	4.25
Green Bell Peppers	66	384	1.76	2.17
Red Potatoes	71	319	1.69	1.01
Sweet Corn	67	239	0.55	0.52
Vine Tomatoes	79	363	1.83	1.91
Zucchini	94	372	1.32	1.86



# Analysis: Individual Produce Items

---

Hedonic Price Analysis: Find the marginal implicit price of observed characteristics of a product which makes up the total price of a product

- Coined by Andrew Court (1939)
- Popularized by Zvi Griliches (1961)
- Applied to a myriad of industries:
  - Housing Market (Abidoye and Chan 2017)
  - Wine Industry (Combris, Lecocq, and Visser 2010; Oczkowski 2001)
  - Agricultural Industry (Schulz, Schroeder, and White 2012; Bailey, Brorsen, and Thomsen 1995)
- Economic theory does not put restrictions on the functional form, instead rely on a goodness-of-fit criterion (Rosen 1974; Cropper, Deck, and McConnell 1988).

# Analysis: Individual Produce Items

---

Following Rosen (1974), we suppose that a good,  $z$ , is composed of  $n$  characteristics.

$$z = (z_1, z_2, \dots, z_n)$$

and the price of the good is related to its characteristics by

$$p(z) = p(z_1, z_2, \dots, z_n).$$

Our equations is as follows:

$$Price_{ijt} = \beta_0 + \beta_{1i}Produce_i + \beta_2Organic_i + \beta_{3j}City_j + \beta_{4t}Month_t + \varepsilon_{ijt}.$$

Analysis is done using Ordinary Least Squares (OLS) with White's Robust Standard Errors.

# Results: Produce Variety Comparison - Tomatoes

Compared to Vine Ripened Tomatoes

No tomato data available for June at farmers' markets.

Variety price premiums are different.

Organic premiums are different.

Kaysville FM significantly less expensive than SLC FM.

Moab FM values organic production more than conventional

Seasonality at FM not present at GS.

	Dependent Variable:			
	Price per Lb.			
	Farmers Market Varieties	Grocery Store Varieties	Farmers' Market Varieties w/ Organic	Grocery Store Varieties w/ Organic
Constant	2.650*** (0.261)	1.947*** (0.077)	2.398*** (0.248)	1.821*** (0.071)
Cherry Tomatoes	2.219*** (0.249)	2.951*** (0.072)	2.216*** (0.241)	2.943*** (0.072)
Roma Tomatoes	-0.118 (0.139)	-0.658*** (0.043)	-0.088 (0.136)	-0.622*** (0.036)
Organic			1.000** (0.433)	0.397*** (0.061)
Logan	-0.317 (0.276)	-0.113* (0.068)	0.099 (0.266)	-0.104 (0.067)
Ogden	-0.644** (0.285)	-0.079 (0.060)	-0.355 (0.277)	-0.102* (0.059)
Kaysville/Layton	-0.971*** (0.261)	0.028 (0.089)	-0.556** (0.224)	0.077 (0.087)
Moab	-0.241 (0.282)	0.349* (0.200)	-0.961** (0.459)	0.272 (0.201)
Roosevelt	0.042 (0.709)	-0.913*** (0.137)	0.444 (0.721)	-0.792*** (0.137)
Vernal	-1.626** (0.699)	-1.037*** (0.400)	-1.277* (0.717)	-0.917** (0.398)
June		-0.007 (0.070)		-0.008 (0.069)
August	-0.248 (0.313)	-0.057 (0.080)	-0.446 (0.279)	-0.043 (0.079)
September	-0.614** (0.287)	0.056 (0.070)	-0.774*** (0.285)	0.066 (0.068)
October	-0.847 (0.548)	0.231** (0.112)	-1.057** (0.532)	0.241** (0.108)
Observations	192	971	192	971
R2	0.491	0.805	0.53	0.816
F Statistic	15.882***	330.581***	16.818***	325.956***



# Results: Seasonality Comparison – Medium Market Basket

	Carrots		Sweet Corn		Cucumbers		Garlic		Green Bell Peppers		Red Potatoes		Zucchini		Vine Tomatoes		Cantaloupe	
	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store	Farmers' Market	Grocery Store
Constant	3.478*** (0.322)	0.720*** (0.019)	0.689*** (0.056)	0.539*** (0.029)	1.717*** (0.166)	0.870*** (0.041)	8.049*** (1.069)	4.268*** (0.259)	2.581*** (0.234)	1.954*** (0.087)	2.233*** (0.181)	0.909*** (0.027)	1.382*** (0.114)	1.145*** (0.042)	2.209*** (0.136)	1.624*** (0.059)	0.624*** (0.030)	0.645*** (0.044)
June	-1.478*** (0.322)	0.084** (0.036)		-0.005 (0.038)		0.114** (0.054)		0.357 (0.378)		-0.254 (0.109)		-0.045 (0.037)		0.183** (0.075)		0.015 (0.083)		-0.108** (0.050)
August	-1.535*** (0.371)	0.083 (0.060)	-0.279*** (0.059)	-0.122*** (0.032)	-0.835*** (0.184)	0.136** (0.055)	-2.192 (1.336)	-0.379 (0.334)	-1.217*** (0.261)	-0.299*** (0.101)	-0.862*** (0.238)	0.016 (0.037)	-0.657*** (0.156)	-0.107* (0.064)	-0.631*** (0.158)	-0.047 (0.076)	0.276*** (0.092)	-0.149*** (0.049)
September	-1.699*** (0.370)	0.103 (0.073)	-0.289*** (0.063)	0.015 (0.050)	-0.637*** (0.202)	0.396*** (0.060)	-0.971 (1.311)	-0.750*** (0.291)	-0.822* (0.452)	-0.350*** (0.107)	-0.749*** (0.230)	0.039 (0.042)	-0.389* (0.235)	0.457*** (0.117)	-0.680*** (0.198)	0.032 (0.081)	0.175* (0.099)	-0.155*** (0.049)
October	-1.952*** (0.519)	0.325 (0.232)	-0.396*** (0.056)	0.072 (0.055)	-1.071*** (0.183)	0.715*** (0.137)	-1.449 (1.092)	-0.687** (0.346)	-1.176*** (0.249)	0.220** (0.097)	-1.566*** (0.230)	0.059 (0.092)	-0.717*** (0.152)	0.392*** (0.077)	-1.429*** (0.180)	0.204* (0.111)	-0.260*** (0.030)	-0.072 (0.059)
Obs.	50	222	51	237	70	255	56	222	56	257	54	256	69	235	61	257	45	241
R2	0.897	0.793	0.949	0.845	0.843	0.922	0.815	0.880	0.699	0.925	0.874	0.942	0.678	0.861	0.906	0.937	0.828	0.884
F Statistic	78.46***	166.34***	219.67***	253.31***	69.56***	587.12***	57.39***	318.67***	30.14***	620.75***	86.78***	814.06***	34.30***	248.65***	137.52***	755.61***	49.33***	360.24***

Note: \*p<0.1; \*\*p<0.05; \*\*\*p<0.01





# Conclusions

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- Is produce more expensive at the farmers' market?
  - It's Complicated
- Farmers' markets can be a viable alternative when shopping for items that are more abundant.
- The use of both farmers' markets and grocery stores can help a producer maximize their profits.

Data is publicly available at: [http://diverseag.org/direct\\_sales\\_pricing](http://diverseag.org/direct_sales_pricing)





**THANK YOU**

## **How to Obtain Your Own Marketing Data and Use It**

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Small farms and food entrepreneurs face challenges in developing and marketing their products. Normally they have limited resources to both conduct market research and also reach their target market. This session will provide usable information on how to conduct your own market research as well as methods and practical tips in marketing and using social media.

### **Ruby Ward**

Professor, Economic Extension Specialist  
Utah State University  
Ruby.ward@usu.edu

Dr. Ruby Ward was raised on a farm and ranch in South-eastern Idaho. From Texas A&M University she received an MBA and a PhD in Agricultural Economics. Dr. Ward is a professor in the Department of Applied Economics at Utah State University. She teaches agricultural finance and community planning. Dr. Ward has delivered educational programs in Utah and the surrounding region for the last 18 years. Ward currently co-chairs the Urban and Small Farms Conference in Utah. Ward is the project leader for the Rural Tax Education website (RuralTax.org) and Co-chair of the National Farm Income Tax Extension Committee.

### **Laurie Seron**

Utah's Own Program Director  
Utah Department of Agriculture and Food  
lseron@utah.gov

Laurie Seron has been a food producer in the Salt Lake Valley for over 20 years. She is founder of Laurie's Buffalo Gourmet Tortilla Chips. In 2011, Laurie organized a successful vendor community group called "Utah Specialty" which gave food vendors a place to gather, share their experiences and be educated. As a result, in 2015 Laurie was hired by the Department of Agriculture as a Business Liaison. In January of this year, Laurie was happily promoted to Utah's Own Program Director. Laurie currently serves on the Board of Directors for Women in Business and on the committee for the Women's Entrepreneurial Conference. Laurie and her husband live in Salt Lake City and have 6 children and 6 wonderful grandchildren.

# Marketing on a Budget

RUBY WARD, UTAH STATE UNIVERSITY

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LAURIE SERON, UTAH'S OWN



# Outline

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- Marketing Your Product
- Doing your own market research



# Marketing On A Budget

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- Sales vs Marketing
- “I’ve Got An Idea” Research
  - Focus Groups
  - Surveys
- “I’m Ready To Go” Research
  - Farmers Markets
  - Placement and Packaging for retail



# Sales vs Marketing

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Sales is the process which targets individuals or small groups; Direct to Consumer, Retail Shelf

- Is your selling price competitive?
  - Are you making money?
  - Can your production process meet the potential demand? Know your limits.
  - It's critical to sample your product. Do you wait for people to come to you or do you go to them?
- 

# Sales vs Marketing

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Marketing targets a larger group or the general public.

- Easy to remember catchy name and logo
  - Visual Effect - You only have 3 sec to catch someone's attention
  - Make it easy for consumers to see what you are selling
  - Preparation and cleanliness
  - Competitive pricing - do your research
  - Have fun
- 

# “I’ve Got An Idea”

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- Focus Groups
- Surveys





# “I’m Ready to Go”

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- Farmers Markets
- Placement and Packaging for retail



# Doing Your Own Market Research

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- What do you want to know?
- Has someone else already found it?
  - Secondary vs. Primary data
- What is the best way to collect it?
- What do I ask?
- How can I analyze it?



# What do you want to know?

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- What do you want to know?
- How will you use it?
- What are critical aspects?

## Do you like it?



# Has Someone Found It Already?

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- Primary Data
  - Data you collect yourself
- Secondary Data
  - Data already published
  - Used for estimating market size
  - <http://diverseag.org/farm-tourism>
  - See Feasibility Assessment



# How do I collect Information

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- Methods
  - Focus Group
  - Taste Test
  - Surveys



# Focus Group


- Useful for open-ended questions
  - Might help get more specific information for other surveys
- 3 to 6 people
  - Who do you use? Does it matter?
- Have a focus in mind
  - What do you want to know?
- Takes time for a few questions



# Focus Group

- Let Participants Speak

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    - Do not get defensive
      - May need to ask for clarification
    - Their input is valuable – discuss after the focus group is over
  - Keep them on track, but do not lead discussion.
  - Don't let one person dominate
    - If someone is quiet, ask them what they think.
  - Record and/or try to write down everything that is said. Person taking notes should not be one leading.
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# Taste Test

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- Limit to about 3 samples
- Have ideas about what you are asking about
  - Specific Product Characteristics
  - Which one they like best
  - Words they use to describe





# Taste Test

- Do at farmers market
- Have way to collect information
- Don't rely on your memory
  - Stickers
  - Tick marks on paper
  - Counter that you click for each one



Your Perception may not be reality. You may remember incorrectly. Your enthusiasm could sway or a few peoples enthusiasm.

# Surveys

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- Don't fatigue the participant
- Think about how you will use it
  - What do you want to know?
- Ask someone what they think questions are asking



# Surveys

- 
- Who is taking it and how will you recruit them
    - you should interpret results based on who took the survey...
    - Farmers Market customers may behave differently than grocery store customer.
  - How will you give it to people
    - online, at farmers market, etc.



## Kynda Curtis – Target Market Identification ...

**Table 1: Information to collect on existing consumers**

Customer information	Application for business owner
Name and contact information	<ul style="list-style-type: none"> <li>-Market directly to customer about sales, new products, new varieties, etc.</li> <li>-Personalize communications on mailings and invitations</li> </ul>
Transaction history (What products do they buy? How much and how often do they buy them?)	<ul style="list-style-type: none"> <li>-Estimate value of customer to a company on an annual, monthly, weekly basis</li> <li>-Determine specials or customer appreciation items that would be valuable to customer</li> </ul>
Record of communication and responses	<ul style="list-style-type: none"> <li>-Know customer's preferred communication method (i.e. email versus phone call)</li> <li>-Send appropriate frequency of track communication so customer is not overwhelmed or annoyed by amount of contact</li> </ul>
Demographic information (Age, location, education, etc.)	<ul style="list-style-type: none"> <li>-Send personalized birthday or anniversary cards with promotions or discounts</li> </ul>
Psychographic information (Consumer interests, hobbies, concerns about health, food safety and the environment)	<ul style="list-style-type: none"> <li>-Select effective promotional channels and certification programs that are important to the consumers</li> <li>-Develop corporate responsibility initiatives that align with consumer preferences</li> </ul>
Spending habits (Thoughtful, impulsive or comparison shoppers)	<ul style="list-style-type: none"> <li>-Determine most effective product placing and pricing</li> <li>-Determine how labeling, placement, price, ease of access influence consumer decisions</li> </ul>



## Kynda Curtis – Target Market Identification ...

**Table 2: Survey types with associated advantages and disadvantages**

Survey Type	Advantages	Disadvantages
Telephone surveys- conducted over the phone using randomized call list	<ul style="list-style-type: none"> <li>-Respondents encouraged to answer all questions</li> <li>-Responses can be analyzed immediately</li> </ul>	<ul style="list-style-type: none"> <li>-Expensive</li> <li>-Difficult to generate random call lists</li> <li>-Caller ID makes it easy for people to ignore unknown numbers</li> </ul>
In-person interviews- administered face to face	<ul style="list-style-type: none"> <li>-Respondents encouraged to answer all questions</li> <li>-Results can be analyzed immediately</li> <li>-Specific populations can be targeted depending on location</li> </ul>	<ul style="list-style-type: none"> <li>-Expensive</li> <li>-Some respondents unwilling to reveal personal information to strangers</li> <li>-Permission must be obtained to conduct interviews in public places</li> </ul>
Internet surveys- respondents are invited to complete an online survey	<ul style="list-style-type: none"> <li>-Easy, fast to complete</li> <li>-Less expensive</li> <li>-Variety of software and providers for specific needs</li> <li>-Results can be analyzed immediately</li> </ul>	<ul style="list-style-type: none"> <li>-Some people don't have internet access</li> <li>-Some respondents may be uncomfortable providing sensitive information online</li> </ul>
Dot surveys- respondents place dots under category correlated to their response	<ul style="list-style-type: none"> <li>-Alternative to written and oral surveys</li> <li>-Easy, fast to complete</li> <li>-Increased response rates compared to other methods</li> </ul>	<ul style="list-style-type: none"> <li>-Can only ask a few questions at a time</li> <li>-Respondents may be influenced by others' responses</li> </ul>



# Survey Design Considerations

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## Question formats – use several

- Open-ended
- Multiple choice
- Yes/no
- Likert rating scales
- Semantic differential scales



# Open Ended

Not very reliable for surveys due to variety & coding issues

Best for focus groups or individual interviews

- Identify range of answers that may be used in a survey later

## Examples

- What flavors would you like to see?
- What do you like about this product?



# Multiple Choice

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Provides a range of potential answers

The respondent chooses the one that is most applicable

How far did you travel to attend this workshop?

- Less than 20 miles
- 21-50 miles
- 51-100 miles
- 101-200 miles
- More than 200 miles

What is the value to you of attending this workshop or the benefits you estimate will accrue to your operation/job from changes you will make as a result of attending this workshop?

- Less than \$100
  - \$101-\$500
  - \$501-\$1,000
  - More than \$1,000
- 



## Dichotomous Choice (yes/no)

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The questions only has a yes/no or true/false answer

Limit of choices cuts down on survey design & respondent uncertainty

Would you recommend this workshop to others?

Yes

No

☺



# Likert Rating Scales

Used to measure attitudes, intentions,  
and actions

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5, 7, and 9 point scales (odd number)

Please indicate your level of agreement with the following statements. *(Please check only one response)*

	Strongly Agree	Moderately Agree	Unsure	Moderately Disagree	Strongly Disagree
A business plan should be developed prior to implementing crop/livestock production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I understand the risks and opportunities associated with direct marketing/targeted wholesale marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I understand the application & financial requirements for participation in agency (FSA, NRCS, etc. ) programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have previous experience developing business plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I currently have a business plan for my operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I follow a financial plan for my operation annually	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I follow a production plan for my operation annually	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I follow a marketing plan for my operation annually	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# Coding Responses in Excel

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## Yes/No

- No=0, Yes=1

## Multiple Choice

- Start numbering at 1 for the first choice, and so on

## Rating scales (highest number is best response)

- Strongly agree = 5, agree = 4, unsure = 3, disagree = 2, strongly disagree = 1
- Very important = 5, important = 4, unsure = 3, slightly important = 2, not important = 1



# Analyzing Results

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## Basic stats

- Averages, percentages, before/after comparisons
  - Percent that strongly liked
  - Percent that liked
  - Percent said yes
  - Average response (5 strongly liked, 1 would not buy)
    - 4.5 or 2.5

## Articles on Flash Drives

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- Target Market Identification and Data Collection Methods
- Conducting Market Assessment
- Estimating Market Size and Price for Fresh Produce Sales
- Fresh Produce Direct Market Sales Considerations
  - Tips for selling at farmers market

