



Direct  
Marketing  
Innovations  
in the  
COVID ERA

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**Extension Economist**

We Are Pay What You Can

<u>Salad \$3-5</u>	<u>Roots \$3-5</u>
* Arugula	* Carrot
* Spicy Mix	* Turnip
* Seasonal	* Beet
* Herbed Heirloom	* Radish \$2-4
* Lettuce Mix	
<u>Greens \$2-4</u>	<u>Herbs \$2-4</u>
* Kale	* Basil
* collards	* Dill
* chard	* Spilanthes
* Tokyo Cabbage	* Mint
	* Cilantro
<u>Seasonal Fair \$3-5</u>	* Sage
* Rhubarb	* Coriander
* Cabbage \$4-6	* Lovage
* Kohlrabi	
* Broccoli	
* Squash \$0.50-\$1	

prices

# Overview

- Initial impacts of COVID-19 on direct markets
- Consumer response and consumer spending trends
- Results of small/urban grower survey, pre 2020 season
- Adjustments and innovations made by growers
- Results of small/urban grower survey, post 2020 season
- Current situation in Utah



# Initial impacts of COVID-19, March 2020



- Uncertainty surrounding markets
  - Restaurants
    - Many closed
    - Some take-out/curbside
    - Farm-to-fork
    - Established relationships
    - Specialty/unique items

# *Initial* impacts of COVID-19, March 2020

- Schools - closed from mid-March
  - Farm-to-school
  - Special items/packaging
- Farmers' markets
  - Unknown, still pre-season
  - Would they open or not?
  - What would be the health & safety guidelines?

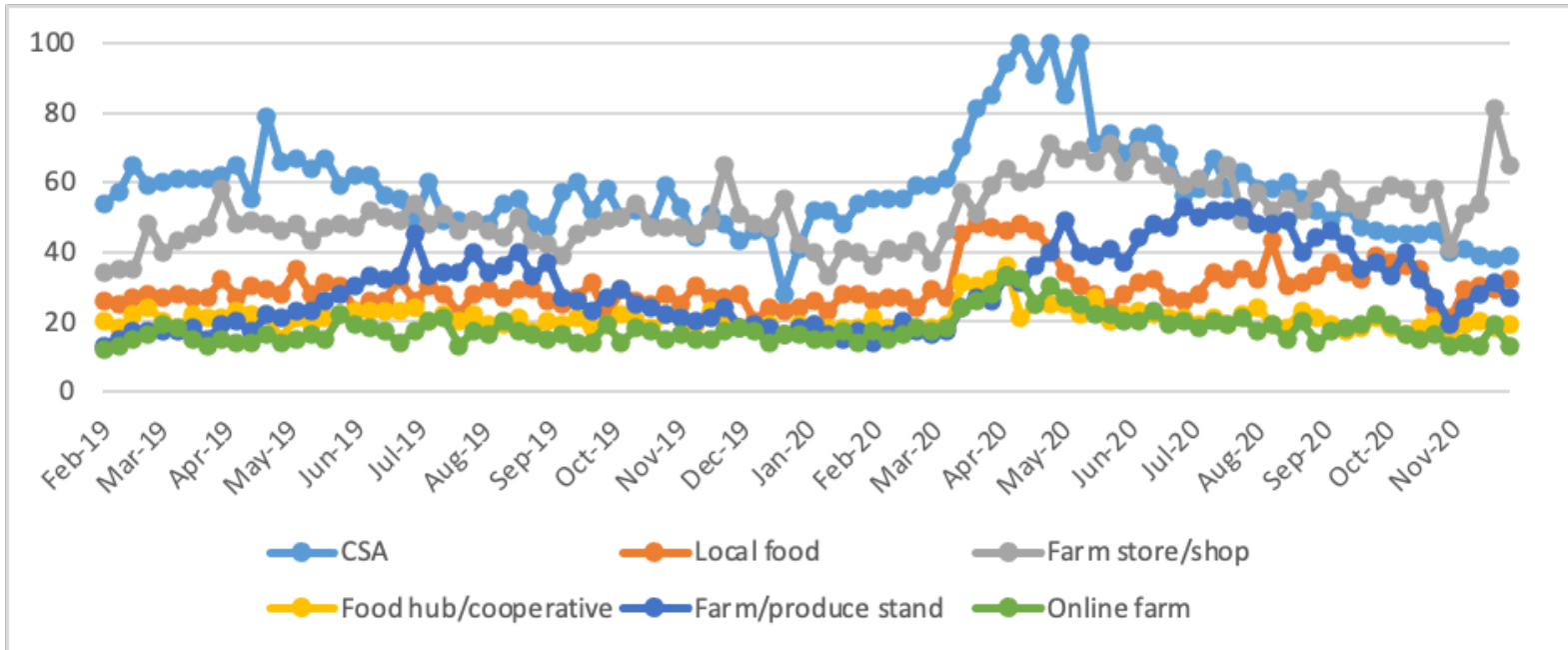


# Consumer reactions to COVID-19



- Consumer concerns
  - Food availability
  - Food safety
- Consumer spending on food up
- Large increase in demand for local foods
  - CSA subscriptions
  - Farmers market attendance
  - Online sales - meat/egg purchases
- Interest in gardening & food preservation up
  - Bulk items
  - Non processed foods

# Interest in Search Terms, Google (U.S.)

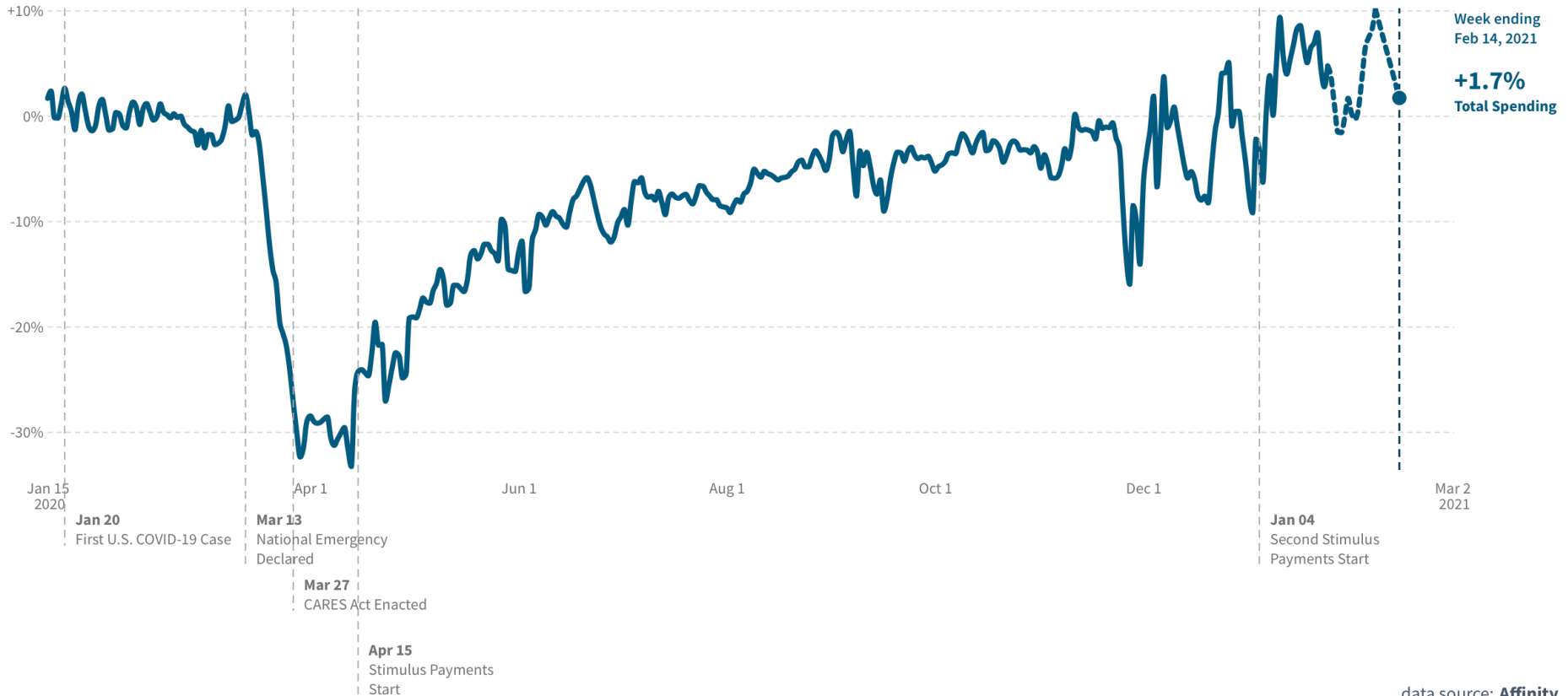




# National Total Consumer Spending

In **the United States**, as of February 14, 2021, total spending by all consumers increased by **1.7%** compared to January 2020.

[DOWNLOAD CHART](#) 

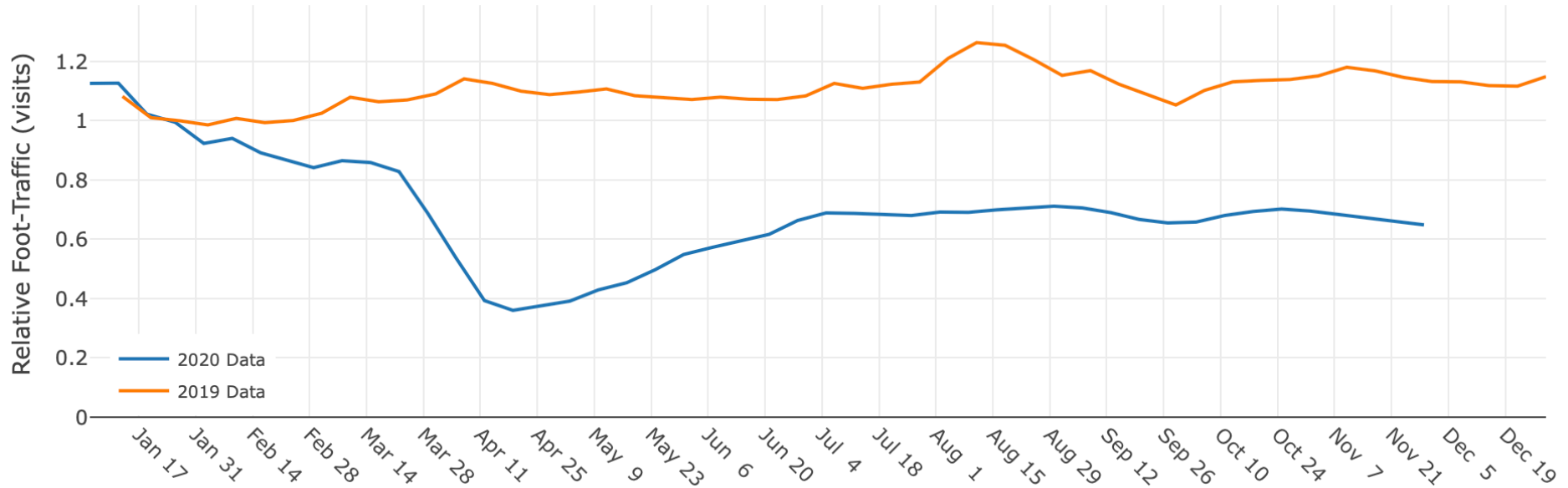


data source: **Affinity**

# Relative Foot Traffic (Visits) Sit-Down Restaurants, 2020 vs 2019, US

INDUSTRY LEVEL PATTERNS

Sit Down Restaurants

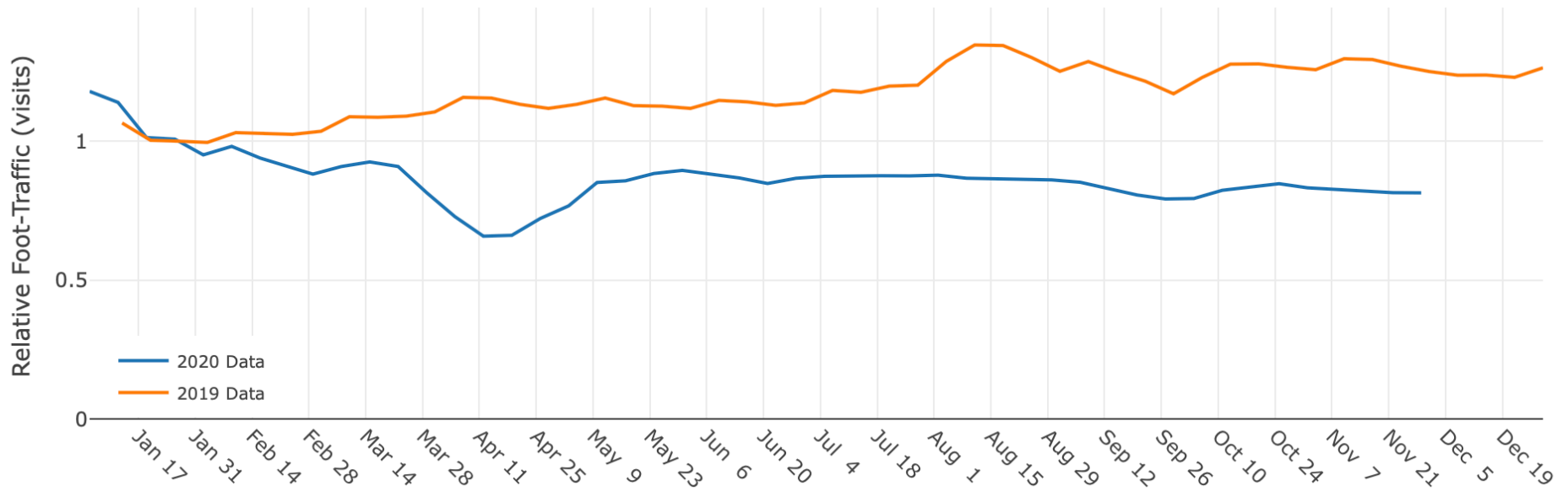




# Relative Foot Traffic (Visits) Counter Service Restaurants, 2020 vs 2019, US

INDUSTRY LEVEL PATTERNS

Counter Service Restaurants



# National Total Grocery Spending

In the United States, as of February 14, 2021, grocery spending by all consumers increased by **18.4%** compared to January 2020.

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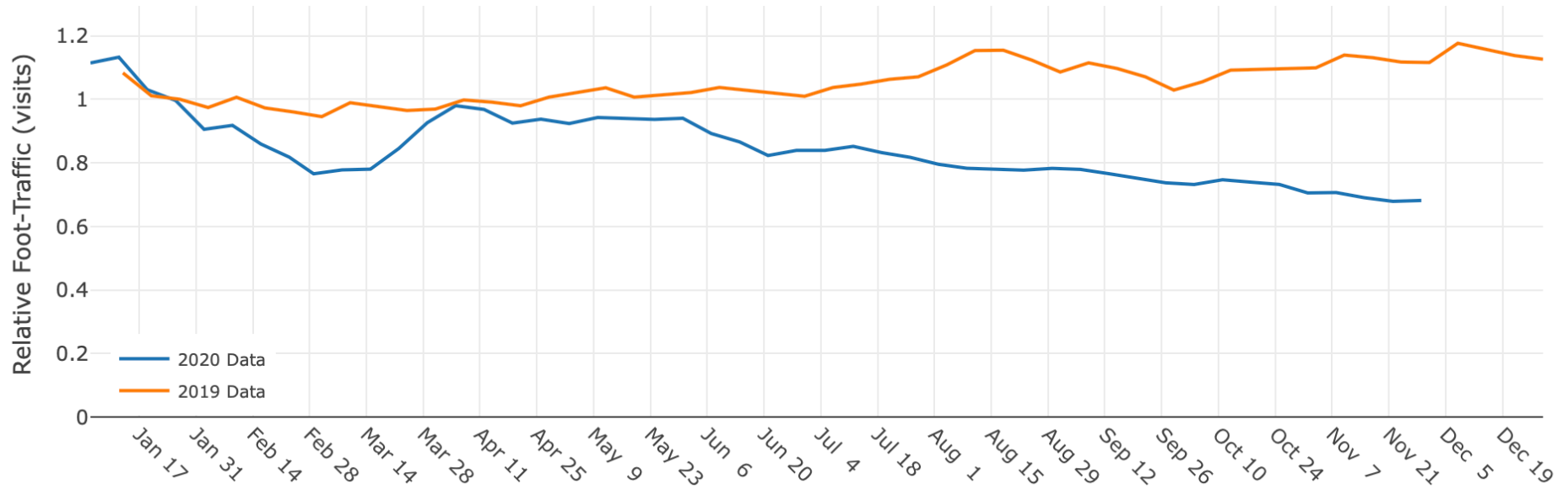
data source: Affinity



# Relative Foot Traffic (Visits) Supermarkets, 2020 vs 2019, US

INDUSTRY LEVEL PATTERNS

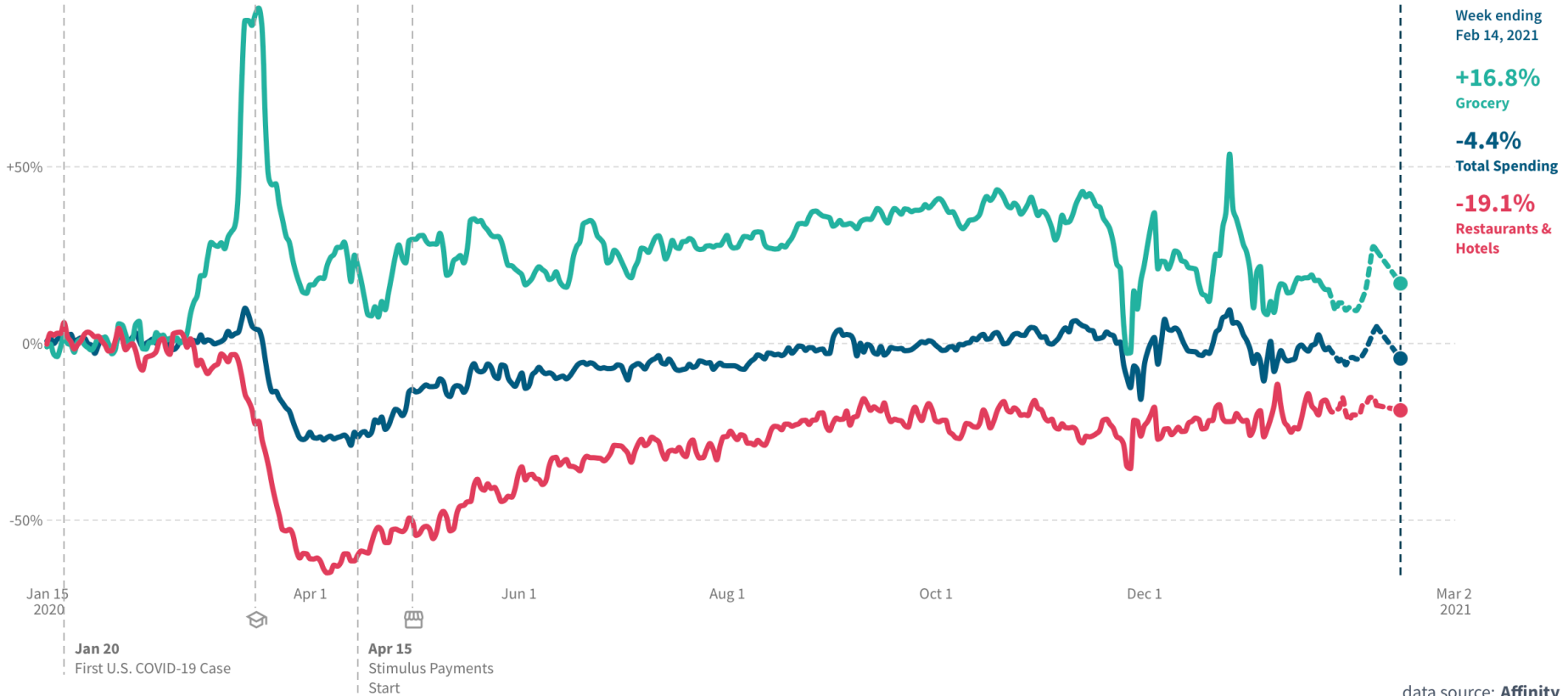
Supermarkets



# Utah Situation

In **Utah**, as of February 14, 2021, total spending by all consumers decreased by **4.4%** compared to January 2020.

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# Utah Small & Urban Grower Survey

- Conducted in early April 2020
  - 57 respondents (35 completed most questions)
  - Basics of operation/farm
  - Potential farmers' market issues
  - Interest in CSA program
  - Interest in online sales
    - Strategies and outlet preference
  - Hurdles to online and CSA sales
  - Information and educational content of need

# Utah Small & Urban Grower Survey- Primary Results

- 55% considering selling through CSA for first time
- 72% considering online sales for first time
  - Own website, social media, and join existing methods most popular
  - 50% would sell individual items, 45% would sell a basket of items
- Major hurdles to online sales
  - Distribution, delivery, and packaging
  - Software
  - Customer service/time
  - Credit card processing
- Major hurdles to CSA sales
  - Having enough product
  - Dealing with customers
  - Managing distribution and promotion



# Utah Small & Urban Grower Survey- Primary Results

- Information/content needed
  - Online sales
  - Working with others (CSAs)
  - Loans/grant programs
  - Social media marketing
- Adjustments to operation already made
  - CSA pick up times assigned
  - Increased employee hours
  - Provide home delivery

# Resulting Situation



- Farmers' markets
  - Few closures (9 total)
  - New distance & cleaning regulations
  - Food only
  - No sampling
  - Smaller markets, need to assess feasibility, consumers attending

# Resulting Situation

- Local Restaurants
  - Curbside delivery/touchless pickup
  - Grocery boxes
  - Meal packets with ingredients/recipe
  - "Street" dining



# Adjustments made by small farmers to address market changes

- Pivot/scale-up other direct outlets
  - Farm stands
  - Farm stores/shops
  - CSAs – up to 300% increase in subscriptions, new CSA programs
  - Home delivery
  - Closed loop systems
    - Farm, shop, butcher, market, restaurant combined



**All of these give the grower control over their marketing**



# New Farm Store in Logan, UT “Local Produce” Stand



- Johnson Farms

# First Frost Farm



**First Frost Farm**

Grocery Store

- New CSA program
- New farm stand
- Participate in farm store in Logan



# Adjustments made by small farmers to address market changes



- Move to online sales & promotion
  - Websites
  - Social media pages
  - Email/newsletters
  - Large demand for online sales & promotion information and education

# *Marketing in Motion* Blog

- Four-part series on online direct sales
  - Online CSA programs
  - Online stores (online marketplace, farm stands, farmers' market, .....)
  - Social media promotion
  - Digital customer communications plans
- <https://extension.usu.edu/apec/blog/>

# Post 2020 Season Small & Urban Grower Survey

- Conducted in November 2020
  - 64 respondents (36 completed most questions)
  - Basics of operation/farm
  - New markets or scale-up in current markets
  - Online sales strategies used
  - Primary hurdles faced in 2020 season
  - Adjustments to operation resulting from COVID
  - Profitability impacts from COVID
  - Information/educational content of need

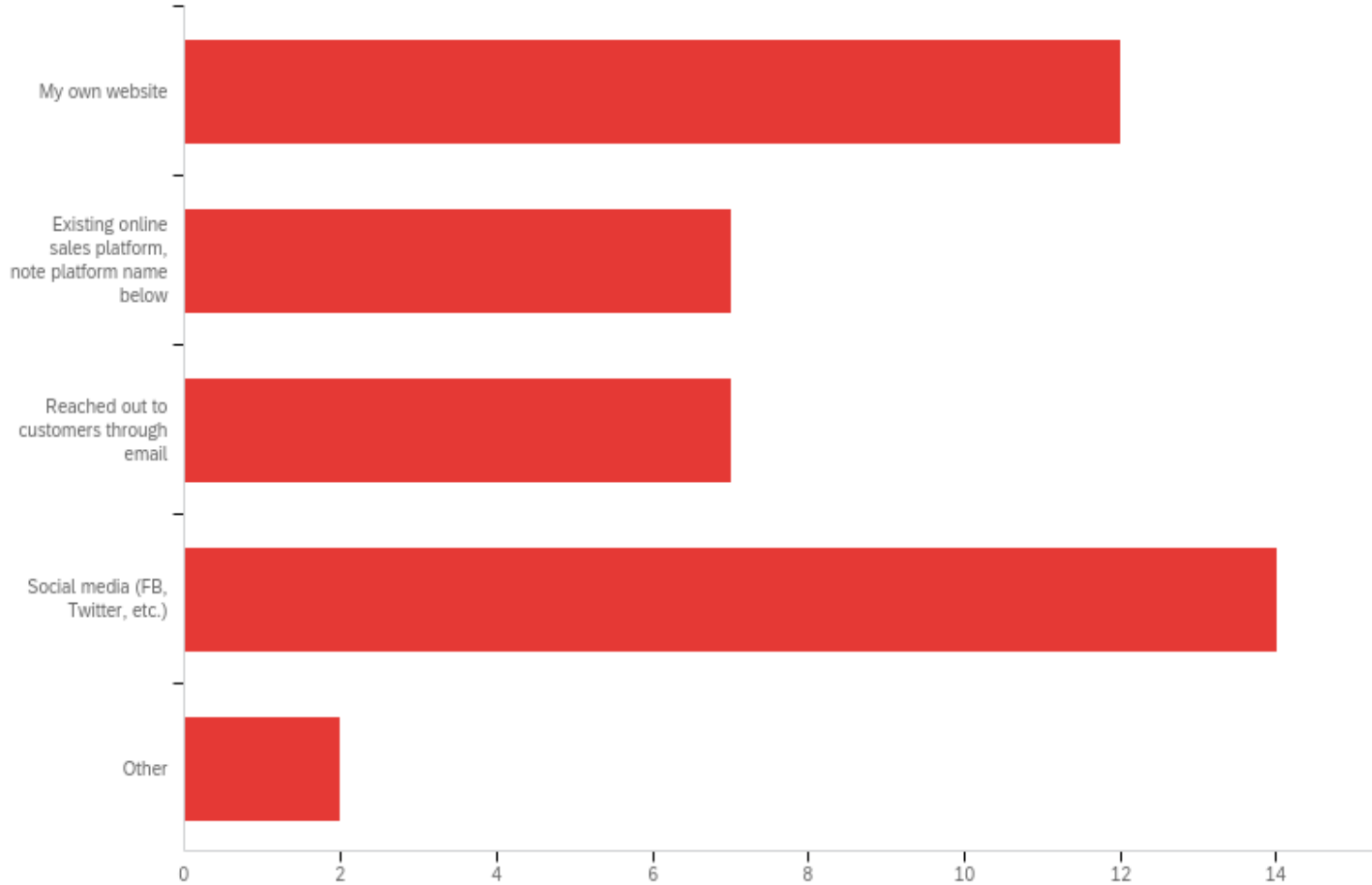
# Post 2020 Season Small & Urban Grower Survey - Primary Results

- Primary hurdles faced in 2020 season
  - Labor and labor safety
  - Increased demand in short time period
  - Variability in sales at markets
  - Lack of processing availability – feeding animals longer
  - Covid regulations
- Primary adjustments made due to Covid
  - Online sales and contactless pick up
  - Increased retail sales
  - New CSA programs
  - Adding PPE and worker safety measures

Did you start selling through or scale up sales at any of the following outlets during the 2020 season?

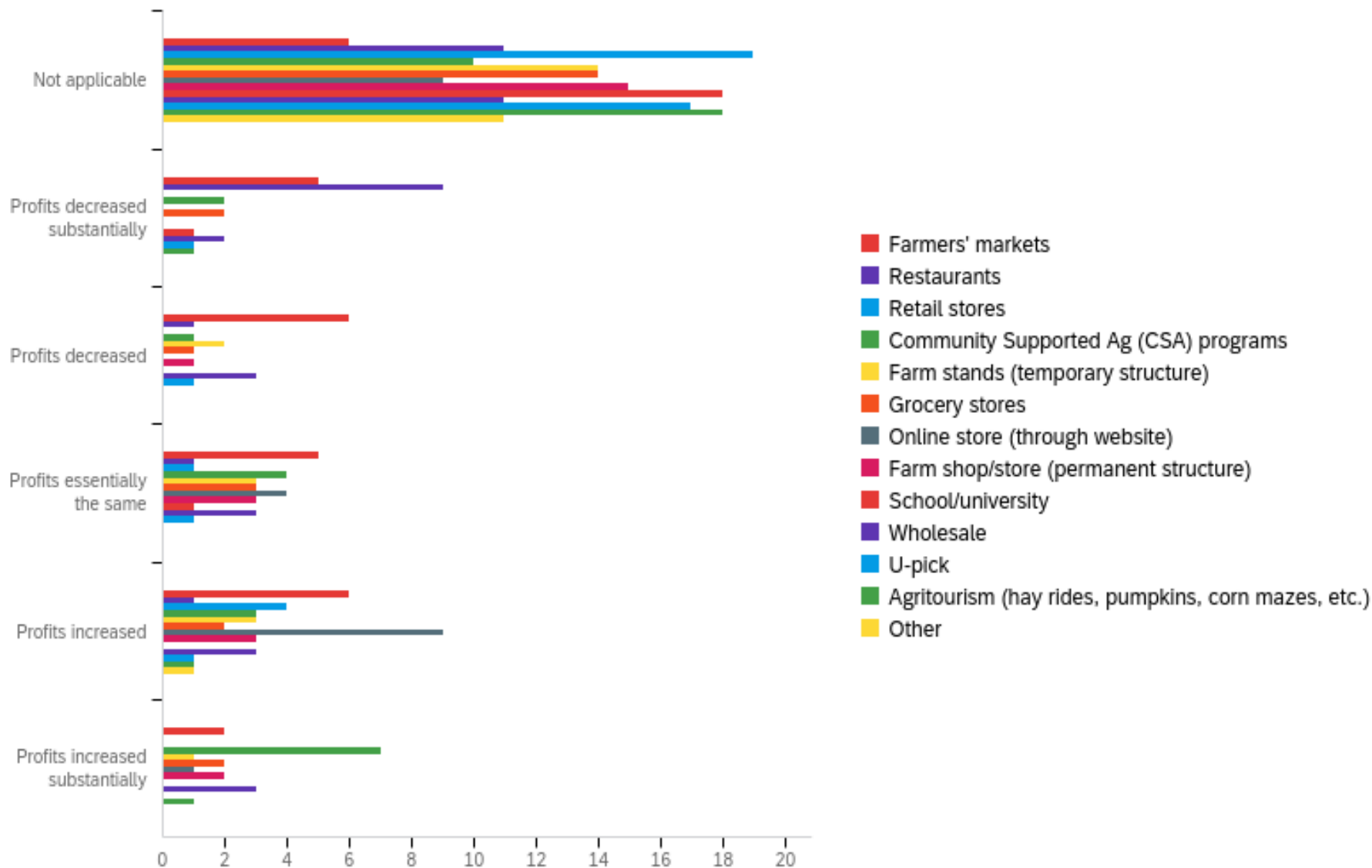
#	Question	No	Unsure	Yes
1	Community Supported Ag (CSA) program	63.64%	3.03%	33.33%
2	Farm store/shop (Permanent structure)	71.43%	3.57%	25.00%
3	Farm stand (Temporary structure)	60.71%	3.57%	35.71%
4	Online (online store, CSA, etc.)	53.57%	3.57%	42.86%
5	U-pick	95.45%	0.00%	4.55%
6	Agritourism (hay rides, pumpkins, corn mazes, etc.)	90.91%	0.00%	9.09%

# If you sold products online what was your sales strategy? (Check all that apply)

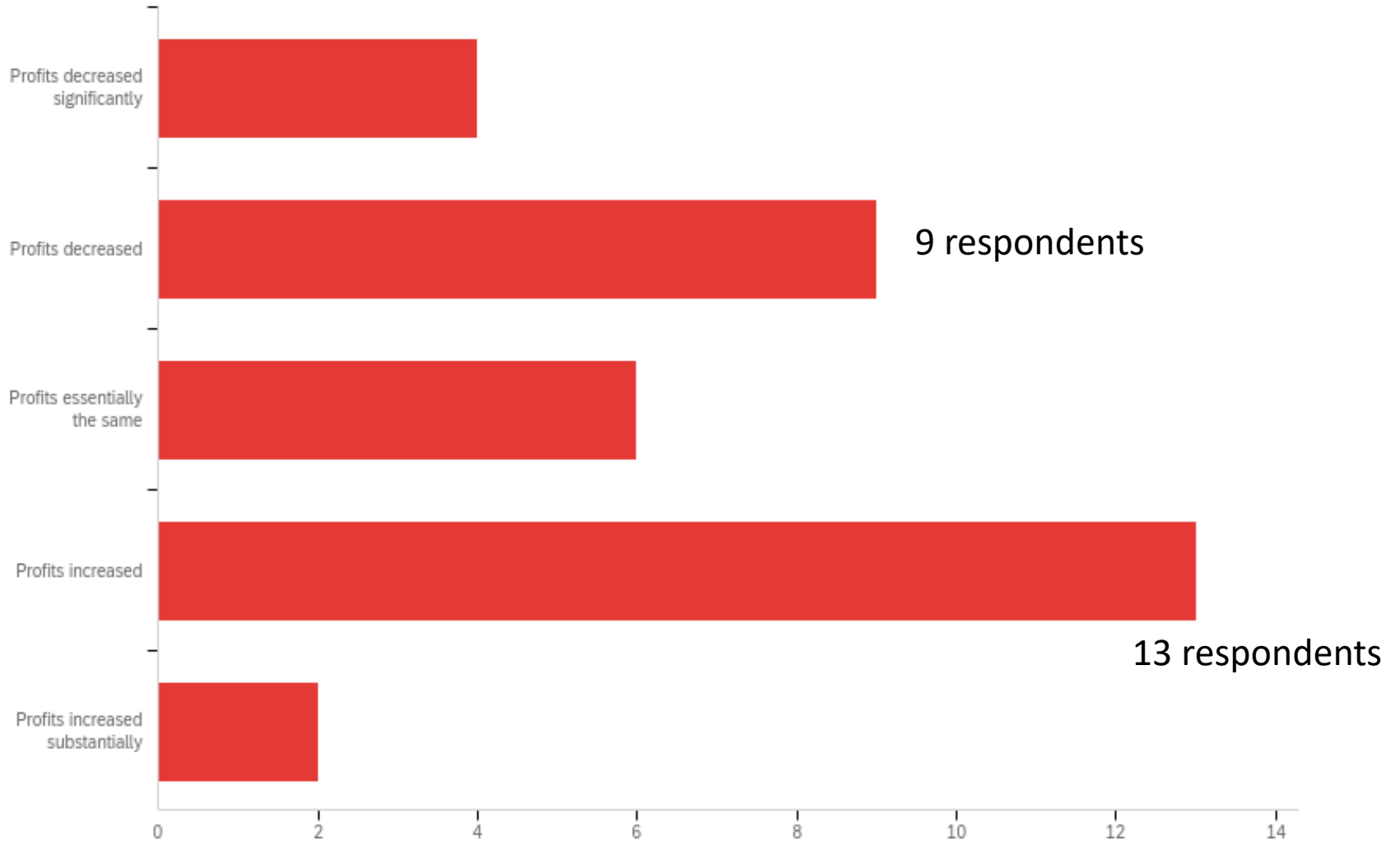




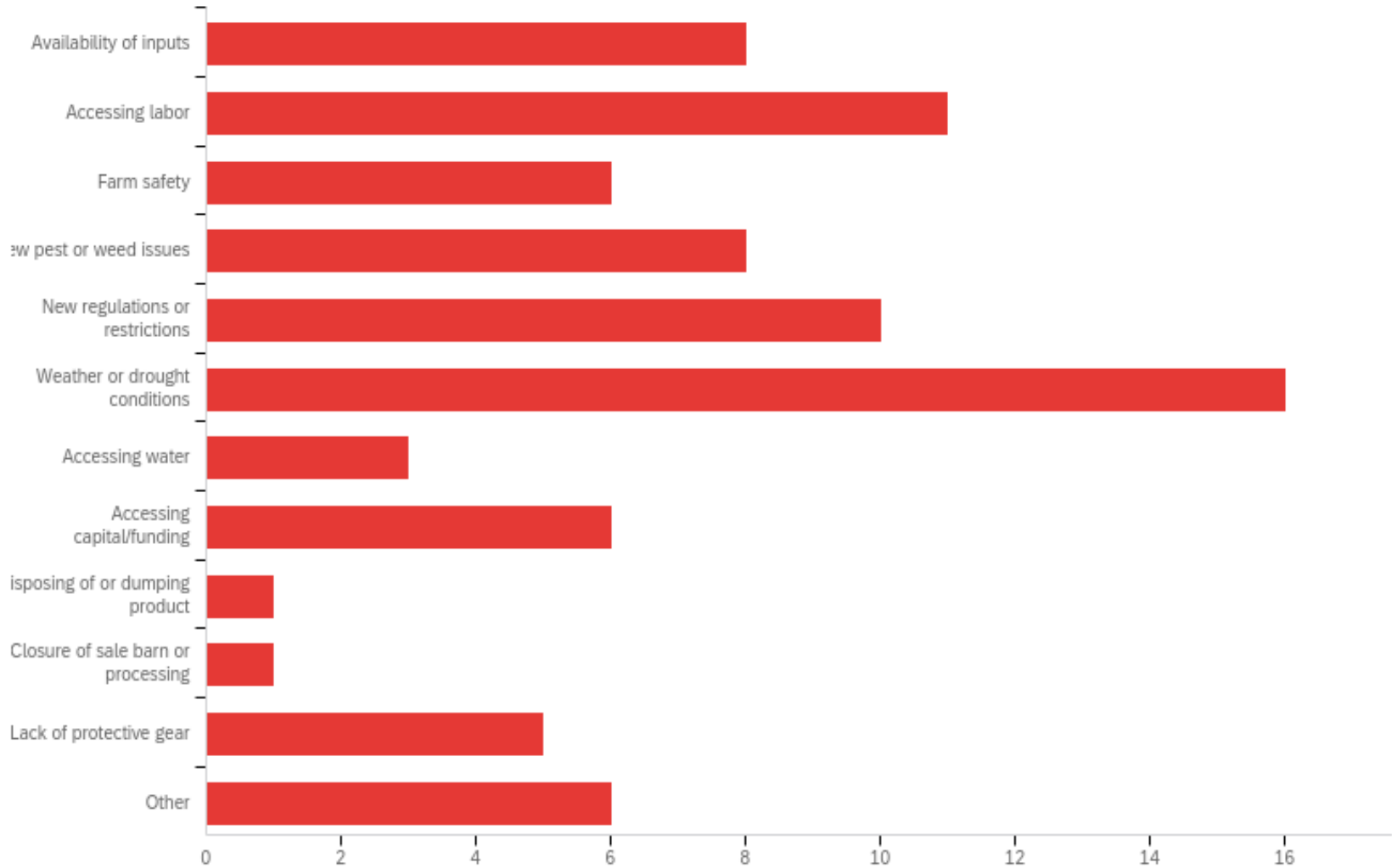
# How was your operation's profitability impacted by sales at each of the following outlets in 2020?



# Overall, how was your operation financially impacted during the 2020 season?



# What production issues did your operation face during the 2020 season?



# Post 2020 Season Small & Urban Grower Survey - Primary Results

- Most helpful information/education
  - Loan and grant programs
  - Working with others (CSAs, food hubs, etc.)
  - Drought management

# Current Utah Situation

- Large impact on online meat sales and processing needs
  - State inspection - UDAF
  - New processing facilities planned, feasibility studies conducted, etc.
- Restaurants
  - Approx. 450 Utah restaurants — nearly 10% of the state's total number — have closed permanently (9/2)
  - Decreased locations (8 to 4, etc.)
  - Industry employment decreased from 109K to 63K
  - Restrictions at 30% capacity, not sustainable business model

Grower statement *“We lost our restaurants, not sure if we will ever get them back”*



# The Pandemic Has the Potential to Finally Transform Meat Processing in the U.S.

Some states are addressing the bottleneck in the industry by allowing state inspectors to approve direct-to-consumer and interstate sales. And new federal legislation could make those efforts possible nationwide.

## Ranchers Form Co-Op to Address Meat Processing Bottleneck

Facing an absence of local slaughterhouses, the Bay Area Ranchers Cooperative is creating an alternative approach—one that will benefit their animals and communities.





## Nearly 10% of Utah restaurants have closed for good, association says

By Graham Dudley, KSL.com | Posted - Sep. 2, 2020 at 11:23 a.m.



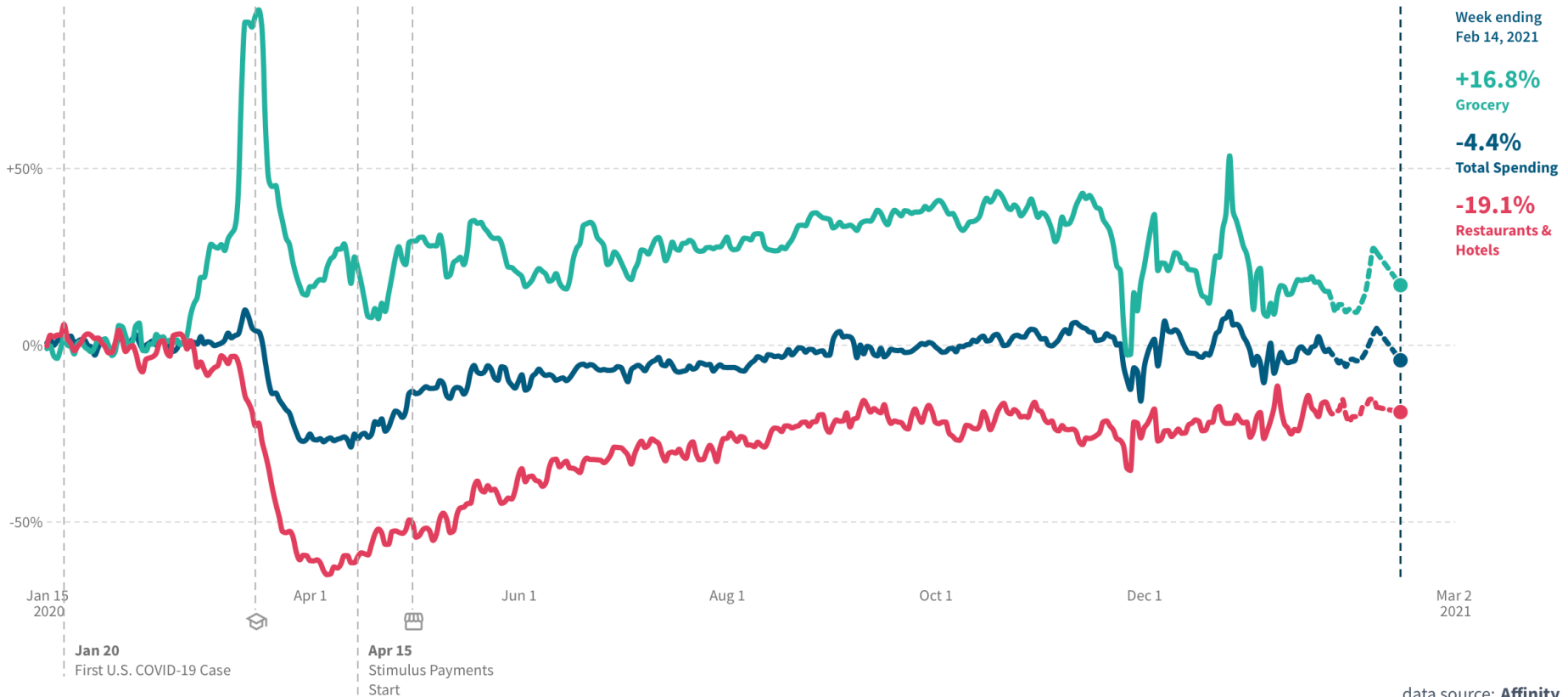
SALT LAKE CITY — The [coronavirus pandemic](#) has harmed many segments of the Utah economy, but few more than the food and beverage industry. And industry leaders are beginning to recognize the scope of the damage.

[Utah Restaurant Association](#) president and CEO Melva Sine told KSL.com at least 452 Utah restaurants — nearly 10% of the state's total number — have closed permanently due to the pandemic.

# Current Utah Situation

In **Utah**, as of February 14, 2021, total spending by all consumers decreased by **4.4%** compared to January 2020.

DOWNLOAD CHART 



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<https://extension.usu.edu/apec/index>

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# Direct Market Updates – Consumer Trends

- Civil Eats: <https://civileats.com>
- Modern Farmer: <https://modernfarmer.com>
- Western Producer: <https://www.producer.com>
- National Public Radio: <https://www.npr.org>

# Other Useful Resources

- USU Extension COVID-19 Resources: <https://extension.usu.edu/covid-19/>
- USU Extension Best Practices Guide for Utah Farmers Markets: <https://extension.usu.edu/covid-19/best-practices-guide-for-utah-farmers-markets>
- UDAF Utah's Own Program: <https://www.utahsown.org>
- eExtension Local Food Resources: <https://localfoodeconomics.com/#directory>

# Thank you

*Questions?*

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