



# Roadside Farm Markets

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## Introduction

A roadside farm market is sometimes distinguished from a roadside stand by location and hours. The term “roadside farm market” can refer to those markets located in permanent facilities at the farm or food manufacturing location; they are typically open most of the year. Roadside stand, by contrast, is a more general term referring to those markets that may be located off the farm and are seasonal in operation (Figure 1).

Some marketing considerations for roadside farm markets are similar to considerations for Pick-Your-Own and roadside stands. There are also many considerations unique to establishing a more permanent retail facility. This fact sheet will review these considerations, specifically from the standpoint of a farm owner who has been using other direct market channels and is considering adding a roadside farm market. Areas discussed in this publication include:

- Business planning and capital investment
- Location
- Liability and risk management
- Merchandising and advertising
- Labor management

## Business Planning and Capital Investment

A working business plan is a key part of successful farm marketing enterprises at every scale. Considerable planning will be required before opening a roadside farm market due to its more permanent nature and the fact that it serves clientele for most of the year.

Producers interested in opening a roadside farm market will benefit from



business planning workshops such as those offered through their local Small Business Development Center (SBDC). Investment in outside consultants or experts, especially those with expertise in direct farm marketing, may also be warranted. If hiring a private consultant or business development professional, always insist on checking references and seeing examples of his or her past projects.

A free business plan writing resource that may be utilized by agricultural marketers is available on the University of Minnesota Center for Financial Management website (refer to Selected Resources at the end of this fact sheet). This resource allows rural business owners to write, review, and improve their business plan. Using this or similar resources to plan carefully could help producers avoid making investments in marketing efforts that may not be feasible for the long haul.

Roadside farm markets may also require significant capital investment. In general, farm entrepreneurs will benefit from

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FIGURE 1. KEY DIFFERENCES BETWEEN ROADSIDE FARM MARKETS AND ROADSIDE STANDS

	ROADSIDE FARM MARKETS	ROADSIDE STANDS
<b>LOCATION</b>	On the farm or food manufacturing site	Near any road or byway
<b>STRUCTURE</b>	Permanent	Semi-permanent or mobile
<b>HOURS</b>	Most of the year	Seasonal

seeking financial professionals who either understand the nature of the farm business or are willing to learn about direct agriculture marketing.

Key questions for producers considering a roadside farm market include:

- ✓ Do I have an updated business plan, including a marketing plan?
- ✓ Can I explain my business to someone unfamiliar with farms and farming?
- ✓ Have I developed detailed, realistic, and conservative financial *pro forma* statements for my enterprise?
- ✓ Am I willing to develop a detailed business plan *before* I start building my new facility?
- ✓ Do I have potential designs for my facility incorporating retail sales area, storage (including cold storage), and restrooms?
- ✓ Do I know what zoning or building codes will apply to my roadside market?
- ✓ Do I have sufficient parking for my market?

Producers should be able to answer “Yes” to all these questions. However, these questions are only a few of the many concerns that will arise with the development of a roadside farm market.

## Location

A roadside farm market is a retail business, and location is a key consideration for any retail business. Many retailers, and more than a few roadside farm markets, have failed due to poor location, despite good business ideas. Zoning considerations may also be a factor for some roadside farm market locations.

Customers who decide to visit on-farm markets cite location as the most frequent factor in their decision. Roadside markets easily accessible from well-traveled roads have an inherent advantage. Adequate signage and good publicity are necessary to maintaining a constant flow of customer traffic. Ease of access (road conditions, turns) is also important for a startup retail business.

Key considerations regarding location for potential roadside farm market operators:

- ✓ Do I know how close my site is to traffic flow, including the volume of traffic passing by my site?
- ✓ Is my location easily accessible?
- ✓ Will road, parking, and/or farm entrance upgrades be necessary for my roadside farm market?
- ✓ Do I know how long it will take to receive approval and to install signage necessary to directing traffic to my operation?
- ✓ Have I researched the necessary licenses, permits, and zoning approvals for my new facility?
- ✓ How much regular traffic does my location receive and is this a feasible level for a retail market?
- ✓ What is the nearby population (potential customers)?
- ✓ Who is the potential competition and how close are similar markets?



## Liability and Risk Management

Assessing potential liability and managing risk with appropriate risk management tools, such as insurance, are crucial considerations for a roadside farm market. In addition to general liability concerns (property and casualty), roadside farm markets should also consider product liability insurance for products the business grows or processes. These are best evaluated with the guidance of an insurance or risk management professional.

Addressing liability concerns before establishing a roadside farm market may also save money later. Construction and design details implemented to address potential risks can save the time and money involved in facility redesign and remodeling.

Key considerations regarding liability and risk management include:

- ✓ Have I identified specific areas of risk at my location (for example: farm ponds, packing and production areas, farm lanes traveled by machinery, livestock)?
- ✓ Do I have a relationship with a risk management professional(s) that can help me identify the cost and scope of my insurance needs?
- ✓ Will additional product liability insurance be required?
- ✓ Could a new business organization (like partnerships or LLCs) better help me manage new risks incurred from establishing a roadside farm market?
- ✓ What other risks, in addition to liability, may be incurred as the result of my roadside farm market?

## Merchandising and Advertising

Merchandising generally refers to the manner in which products are presented for sale. Advertising is the means by which a business notifies existing and potential customers that products are for sale. Advances in graphic design and information technology have created an environment requiring professional and market-savvy merchandising and advertising for farm marketers. Fortunately, a variety of tools are available to help marketers address these challenges.

A marketing plan is a part of the business plan that will serve as a roadmap for developing a successful roadside farm market. Identifying the target customers and evaluating the best media choices for attracting those customers to your farm market should start long before your market opens.

One common challenge for roadside farm market operators is to maintain a consistent and diverse product

supply throughout an entire marketing year. One way many on-farm markets solve this challenge is to offer less-perishable, value-added foods that have a longer shelf life than fresh produce. Additional options include non-perishable decorative and gift products.

Some markets include a certified kitchen and offer dining options for patrons, including fresh and prepared foods on their menu. Additionally, markets may partner with other producers to supply different product options. Understanding the on-farm or roadside market as a retail business that requires a diverse product mix, and adjusting that mix based on customer preferences, are essential for long-term success.



Key considerations for merchandising and advertising include:

- ✓ Have I identified the target customer at my roadside farm market?
- ✓ Do I have expertise in advertising or access to advertising professionals?
- ✓ Am I willing to utilize social media and other electronic marketing tools to grow my customer base?
- ✓ Do I understand basic ideas behind developing my roadside farm market into a local “brand” positioned for long-term success?
- ✓ Am I aware of state or regional tourism

## CERTIFIED ROADSIDE FARM MARKET PROGRAM

Many farm markets in Kentucky participate in the Kentucky Farm Bureau Certified Roadside Farm Market Program. Participating markets do not have to be open year-round, but they must have established hours of operation. The program, available to members of the Kentucky Farm Bureau Federation, provides collective advertising, promotional items, educational tour opportunities, and other marketing benefits. For more information, contact the Kentucky Farm Bureau at [roadside@kyfb.com](mailto:roadside@kyfb.com).



associations that could encourage my efforts?

- ✓ What kinds of branding, logo development, and/or packaging am I planning for my product? Is there a realistic cost estimate for the merchandising supplies that I believe I will need?
- ✓ Do I have sufficient product offerings for year-round sales?
- ✓ Do I understand my projected sales volumes by month and understand how to incorporate different product mixes that may change by season?

## Labor Management

Like a Pick-Your-Own operation, a roadside farm market will need to keep consistent hours for long-term success. These hours usually entail hiring full-time, part-time, and seasonal employees. Labor is a major category in a retail business expense structure; developing a base of committed and qualified employees will be essential for long-term success. Administrative tasks associated with employees, such as payroll and new employee training, may also be unexpected time commitments for new roadside farm market operators. Above all, roadside farm market employees must have good people skills and be able to interact well with customers.

Key questions for roadside farm market labor management include:

- ✓ Am I prepared to keep my market open according to typical retail hours or hours that best suit my target customers?
- ✓ How will I manage labor costs?
- ✓ Do I have a plan for interviewing, hiring, and training new employees?

## Selected Resources

- Certified Roadside Farm Market Program (Kentucky Farm Bureau) <https://www.kyfb.com/federation/roadside-farm-markets/>
- Promotion and Advertising for Kentucky's Direct Markets, ID-106 (University of Kentucky, 1991) <http://www.ca.uky.edu/agc/pubs/id/id106/id106.htm>

- AgPlan (University of Minnesota) <https://agplan.umn.edu>
- Developing a Roadside Farm Market (Pennsylvania State University) <https://extension.psu.edu/developing-a-roadside-farm-market>
- Direct Marketing (ATTRA, 2016) <https://attra.ncat.org/attra-pub/summaries/summary.php?pub=263>
- Choosing Direct Marketing Channels for Agricultural Products (University of Tennessee, 2010) <https://utextension.tennessee.edu/publications/Documents/PB1796.pdf>
- A General Guide to Pricing for Direct Farm Marketers and Value-Added Entrepreneurs (University of Tennessee Extension, 2011) <https://utextension.tennessee.edu/publications/Documents/PB1803.pdf>
- Making the Most of the Market: Merchandising Considerations for Direct Farm Marketers (University of Tennessee Extension 2010) <https://utextension.tennessee.edu/publications/Documents/PB1794.pdf>
- Penn State Ag Marketing – Layout and Design for Retail Agricultural Businesses (Pennsylvania State University) <https://extension.psu.edu/layout-and-design-for-retail-agricultural-businesses>
- Small Business Development Centers (SBDC) <https://www.sba.gov/tools/local-assistance/sbdc?leavingSBA=http://americassbdc.org/>

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## Suggested Citation:

Ernst, M. and T. Woods (2018). *Roadside Farm Markets*. CCD-MP-4. Lexington, KY: Center for Crop Diversification, University of Kentucky College of Agriculture, Food and Environment. Available: [http://www.uky.edu/ccd/sites/www.uky.edu/ccd/files/Roadside\\_Markets.pdf](http://www.uky.edu/ccd/sites/www.uky.edu/ccd/files/Roadside_Markets.pdf)

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*Photos courtesy of Fran McCall*

**February 2018**

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