

A Resource for Farmers Considering Online Direct Sales in COVID-19 Times



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Due to the COVID-19 Pandemic, many farmers have lost significant markets and streams of revenue in restaurant and institutional wholesale accounts. With social distancing regulations and the general risk associated with being in public spaces, further sales limitations exist with in-person farmers' markets, pick-your-own enterprises, and farm stands. Meanwhile, demand for local food remains and has perhaps increased. To address these challenges and opportunities, many farmers are pivoting to online sales and order taking, home delivery, and multiple farm product aggregation. Implementing these changes may require farms to make changes to their operational and financial management, marketing, and online platforms.

This document is meant as a guide for farms seeking to shift or expand sales to include direct-to-customer online ordering that culminates in customer pick-up or delivery, and to farms buying in product for resale to support these sales.

Critical Decision-making Process

It is important to find solutions to the current situation that meet your short-term needs, while also taking into consideration how they align with the long-term goals of your farm business. While there are many unknowns as the COVID-19 Pandemic runs its course, staying true to the guiding principles and goals of your business can help you in this process. While the pandemic may require you to explore online ordering, home delivery, and purchasing in product for resale as a way to survive the immediate situation, it also presents an opportunity to design these systems that have long-term utility in interacting with customers and accessing markets. Thus, be mindful of the balance between needing a short-term fix and designing a system that you could sustainably rely on in the long term. You don't want to over-promise and under-deliver so be conscious of farm capacity.

Key Considerations:

1. What revenue streams have you lost?
2. How much revenue do you need to replace to meet your goals?
3. What are your target financial goals?

4. Could you downsize this year as a short-term solution to wait out the pandemic and return to your existing plan in the future? If not, why?
 - a. Product is already on hand and has limited shelf life.
 - b. Fixed expenses/financial obligations require that I meet my original sales and production projections.
 - c. Pandemic presents an opportunity to meet greater sales projections that originally anticipated.
5. If you must maintain your current production scale and/or ramp up to meet the new opportunity, can you redirect existing or planned product to existing market channels or do you need to create this new order and fulfillment mechanism?

Designing a System

If you decide your farm business needs to create a new order and fulfillment mechanism, think about the business implications so you implement a system designed for long term success. Do you have the financial and managerial to develop the infrastructure and logistics to roll out a new system? Along every step of the way, consider costs for implementation and how that will be reflected in your pricing.

Consider how you will dispatch your product in either a delivery or pickup system, what infrastructure and expenses will be needed to support this, and finally, what it will cost. The below sections on E-commerce Platforms, Merchandizing, Licenses and Regulations, Labor & Food Safety, and Marketing will outline some options and key considerations to help you make decisions around designing this system.

E-commerce Platforms

There are many e-commerce platforms that farm businesses can integrate into existing websites or use instead of, or outside of their sites to connect to customers online. Matt Tucker, in collaboration with VHCB and the Intervale Center has created [this document](#), which outlines a variety of options from the very basic and free Google Forms, to paid website integrations and upgrades, and standalone e-commerce options.

The Young Farmer Coalition has put together [this document](#) that also outlines many direct sales online platforms, lists suggested uses for them, and includes more links and tips for online sales and marketing.

While it may seem overwhelming to figure out which solution is right for you, look for something that works with your budget, management capabilities, and products.

Key Considerations:

1. Can I do this myself, or do I need to hire out? If I need to hire help, am I able to do that right now?
2. Will I offer a pre-packaged/simplified share (and thus can opt for a simplified online interface), or will I provide an online retail shopping experience with more choice that requires a more complex e-commerce solution?

3. What is the cost of the solution? Is there a set-up fee in addition to a monthly fee or annual fee? Is there a percent sales fee?
4. How does the solution track inventory? Can it be used to avoid over-or-under selling inventory?
5. How will this solution integrate with current systems I already have? (ex: QuickBooks/accounting, Market credit or CSA shares, newsletters, social media, etc.)
6. How is payment processed online and what are the associated fees? Are there options for deferring payment or paying in person instead of a credit card sale?
7. Will I require a minimum purchase amount?
8. What does the back end look like organizationally? Is it easy to print pack lists and inventory lists? Export to excel/quickbooks?
9. Does the platform offer extras? Delivery routes? IT support?
10. Will I need an e-commerce app integrated into my online presence?
11. Who will manage the e-commerce orders and customer service? What will it cost?

Merchandizing

Farmers are having success bundling their products with other food staples during this time. Customers are voicing appreciation at being able to secure a box of staple foods and avoid the grocery store.

However, it is essential to figure out if purchasing in product for resale is right for you. Creating solid working relationships with other local farmers or producers can help your business, however, if done haphazardly it can be disastrous, leading to negative customer experience and loss of business. To be done right you need to identify products and partners that pair well with your brand, your values, your products, your product quality, your customer service, your pricing structure and your target market. You do not want your brand aligned with products and companies that may sully your reputation or are not a good fit with your target market or business strategy. Remember that aggregation of product can be logistically challenging, costly and time consuming, and that as a farm business your retail operation can sell no more than 50% purchased product for resale (more in Licenses and Regulations section).

If you decide to purchase product for resale, you can source directly from other farms and distributors or food hubs. All the options available in Vermont are not outlined in this document. However, there is a more [comprehensive list here](#). (Please note that this list may not be up to date.)

Most distributors have an application process to become a customer. Sometimes this requires listing references from previous accounts payable. They will also likely check if you are on their delivery route or can be easily added. Almost all distributors require a minimum purchase order. Some may also have logistical requirements such as having a loading dock or having someone present to receive the product. Some distributors have online ordering while others have an online catalog and call-in ordering. Here is a smattering of distributors that supply Vermont.

[Associated Grocers of New England](#): is the largest retailer-owned, wholesale grocery distribution center In New England. They service all six New England states. They offer staples and specialty

products and their main clients are small grocery stores and co-ops, high-end convenience stores, and independent country stores. Based in Manchester, NH.

[Black River Produce](#): Connects farms and producers and distributes to institutions, restaurants and other retail outlets. Services all six New England states. Daily deliveries with over 50 routes. Mainly seafood, produce, dairy and specialty goods. Online ordering. Based in North Springfield, VT.

[Farm Connex](#) Operates as a freight shipper for local food. The sales relationships are between the producer and the retailer, and Farm Connex facilitates the delivery. Contact Farm Connex or visit their website for a complete listing of the products you can receive through their delivery service. Based in Hardwick, VT.

[Food Connects](#): Food Connects is a food hub (aggregation and delivery service) that delivers local healthy food to individuals (temporality during the pandemic) and wholesale accounts and institutions in Southern VT, NH, and the Upper Valley. Based in Brattleboro, VT.

[Green Mountain Farm Direct](#): This food hub in the Northeast Kingdom connects farms to schools, institutions, grocery stores and restaurants. They deliver throughout Northern Vermont. They send out a weekly availability list to customers and one invoice includes all GMFD vendors. Because GMFD acts as a middleman, this is a more expensive way of stocking, but convenient in that many products are in one place, come from one delivery, and land on one invoice. GMFD uses Farm Connex to distribute orders. Based in Newport, VT.

[Macauleys Food Service](#): The mission of MacAuley's Foodservice is to efficiently provide retail and foodservice customers with quality food and food-related products from manufacturers, ensuring profitability for all. Macauleys will work with very small accounts and carry many Vermont products. Based in Websterville, VT.

[Provisions International](#): provides weekly delivery to restaurants, food cooperatives, independent grocers, and specialty food stores throughout Vermont, New York and New England. Focus is on specialty cheeses and meats, condiments, produce and non-perishables. Based in White River Junction, VT.

[Sid Wainer & Son](#): Distributor and Retail home delivery. Focus on high-end specialty foods and produce. Delivery trucks running seven days a week. Distribution Maryland up to Maine. Foodservice, wholesale and retail customers. Based in New Bedford, MA.

[Upper Valley Produce](#): With a focus on quality produce, fish, meats, and cheeses, Upper Valley Produce is a the largest locally owned, independently run wholesaler in their region. Based in White River Junction, VT.

[Vermont Roots](#): Small distribution business that focuses on Vermont products, mostly non-perishable items. The only requirements to becoming a member are a minimum order and being

on their delivery route. Online catalog with call-in ordering (looks like they are working on an online component). Based in Rutland, VT.

Other: [Intervale Food Hub](#): While not a place to source items for resale, IFH can act as a docking place for arranging transfer of a product. Their standard cross-docking fees are \$20 for a pallet worth of product and \$5 for 5 cases or fewer. These fees are based on same day pick up, but there is often flexibility on timeframe. The Intervale Food Hub invoices for cross-docking at the end of each month. Based in Burlington, VT.

Key Considerations:

1. What do your customers want? Consider a survey.
2. What farmers/producers are nearby that have complementary brand values and could meet these product needs, or who have offerings you think your customers would like? Are these producers interested in selling product through you?
3. How will you price products purchased for resale? Industry standard is approximately a 35% margin which is equal to a 53% mark-up. For example, if you buy a bottle of hot sauce for \$3, the retail price would be \$4.61. At a minimum strive for a retail price that covers the associated overhead of storage and labor for the product
4. Where will you store products? Will you need additional freezer, refrigerator, and utilities expense? Do you have rodent-proof storage?
5. Can you safely receive products and purchase them during the pandemic?

Licensing and Regulations

If you are buying in products for resale, you need to have a retail license through the State of Vermont Agency of Agriculture. If you intend to purchase and re-sell dairy, meat, and/or ice cream, these each require an additional fee and check-off on your [license application](#). If you intend to sell milk, the license will cost \$20, including meat is an additional \$15, and including ice cream and frozen desserts is \$75. If you are selling pre-packaged meat at farmers' markets, there is a second meat license you must apply for (on the same application) for an additional \$15. This application must be filled out (and fees paid) annually.

Here is a [FAQ list](#) put together by Vermont Agency of Agriculture that answers many common questions related to retail licensing and COVID-19.

There is no license required to sell produce in Vermont. However, produce farms with over \$25,000 in annual produce sales may need to comply with food safety requirements under the Food Safety Modernization Act (FSMA) [Produce Safety Rule](#) and undergo annual inspection. In addition, some wholesale buyers/distributors require growers complete third-party food safety audits.

Vermont farms that grow, harvest, pack or hold produce are encouraged to enroll in the [Vermont Produce Portal](#) to connect with the Vermont Produce Program. They can help growers understand their farm's requirements Produce Safety Rule and connect them to produce safety resources, technical

assistance, and training. More information about the Vermont Produce Program at agriculture.vermont.gov/produceprogram.

There is a [separate licensing process](#) for selling alcoholic beverages such as beer, wine, spirits or cider.

Remember that Vermont sales tax (6%) must be paid on non-food items. So track non-food items accordingly and consider taxes in your prices.

Vermont [Act 143](#) stipulates that 50% or more of farm stand sales must come from products that are produced on the farm. Farm stands are typically classified as “accessory on-farm businesses” (although this is at the discretion of the municipality). “Accessory on-farm businesses are limited to the following types of businesses: The storage, preparation and sale of qualifying products, provided that more than half of the sales are from qualifying agricultural products principally produced on the farm.” If you exceed this ratio you may trigger Act 250 and other state and local permitting.

Food Safety

Even in pre-COVID times, food safety is of utmost importance to farm planning and management. Farms should have food safety plans and protocols in place that include time and temperature controls, preventing contamination, employee hand washing, rodent prevention, and other basics. The [Community Accreditation for Produce Safety \(CAPS\) program](#) is a great way to build your food safety plan.

In addition to baseline measures, best practices around COVID-19 include disinfection of high-touch areas (like counter-tops, vehicle steering wheels, POS systems, door handles, etc.) be disinfected often throughout the workday. See [this document](#) for a guide to cleaning, sanitizing and disinfecting put together by UVM Extension. Here are some other [great documents and resources](#) on cleaning and sanitizing in regards to COVID-19 put together by UVM Extension.

Keep in mind that re-using packaging and boxes that are not washable is not recommended during these times. Shift to either disposable packaging or non-porous surface packaging that can be quarantined and sanitized before reuse.

COVID-19 is not considered to be a food-borne illness, so the main concern with food safety is that of the humans involved in harvesting, packing and distributing the food. More on employee safety in the next section.

Key Considerations:

1. Is my food safety plan sufficient for COVID-19?
2. Do we need additional packaging supplies?
3. Do we need additional cleaning, sanitizing, disinfecting supplies?
4. What will it cost?

Labor & Keeping Employees and Customers Safe

General best practices for employees include social distancing, wearing masks when employees must work in enclosed spaces or are unable to be socially distanced for a specific task, and staying home when sick or exposed to COVID-19.

The Vermont Occupational and Health Safety Association (VOSHA) has issued a requirement that all businesses and non-profit entities that are in operation or have employees returning to work must complete a mandatory training around COVID-19 by May 4th 2020. Employers must document that their employees have taken this training, which includes education on the signs and symptoms of COVID-19, an explanation of how the disease is spread, information on personal hygiene and social distancing practices, and specifics on PPE and proper uses of it. These [training materials are available here](#).

Make pick-up and delivery guidelines clear to customers. At pick-up, ask customers to wear masks and stay six feet away from employees and each other. Ask them to touch nothing other than their orders. If farm employees are loading vehicles, ask customers to open and close vehicle doors themselves. Consider hosting pick-up locations outside or in open-air environments. It may be helpful to have signage at pick-up sites that outline these guidelines. For delivery, ask customers to stay inside their home upon drop-off. [Here, the FDA outlines best practices for food delivery and pick-up](#).

[Click here](#) for further tips for keeping employees safe during this time are outlined by the Vermont Retail & Grocer's Association.

Here are some examples of how some farms are adjusting in regards to distancing protocols for farm workers (compiled from [Vermont Vegetable and Berry Growers Association Listserv](#)):

- Proactively social distancing, including: staggering start times for employees, allocating one worker to one physical space, spacing out as much as possible for outdoor tasks, emailing the crew before work begins to avoid in-person explanation.
- Farm workers wear masks when inside a shared enclosure (truck, building, greenhouse, cooler, etc) AND when working outside near other workers.
- If the farm has employees living on site, keep living cohorts together as a unit that then works together on the farm. Don't mix cohorts. Assign certain vehicles to these cohorts
- Spraying all high-touch spots (light switches, door handles, hose nozzles, steering wheels etc) every day.
- Masks and gloves while handling produce and food packaging.
- Handwashing very frequently- upon arrival, before and after breaks, between projects, before and after lunch.
- No touching personal phones during work.
- Portable hand washing stations in the field.

Key Considerations:

1. How will any new operations run in terms of employees?
2. Will social distancing and extra cleaning impact my farm's efficiency? At what rate?
3. Will I need to hire more labor to make up for that? If so, what will it cost?
4. If I have employees not following safe protocol, what will I do?

Marketing

With all the uncertainty the COVID-19 pandemic has brought, one positive outcome has been the demand for local food and perhaps a re-investment in our local food system. Direct-sale farmers and beginning farmers can see this as an opportunity to build a core customer base. Consider the ways in which you can serve these customers best during this uncertain time, but also in the long term. Solicit input from your core customers.

Mature farms have built social capital and direct relationships over time. This relationship should allow for some flexibility with customers, however continued engagement with customers is always key. Continue to interact with your audience via social media, email and e-newsletters, front porch forum, or other outlets. Once you set up this new system, maintaining communication and continuing to recruit new customers over time is key.

Zachary Smith from UVM Extension has put together this [Digital Marketing Plan Outline](#) which can help you organize your approach to marketing for online sales.

Non-profit food-based organizations are building resources to promote local food right now. Consider adding your business on the following resources (where pertinent) if you are not already listed: [ACORN interactive map](#), [Localvore Passport App](#), [Lovevermont.org](#), [South Hero Land Trust Agricultural Guide](#), [NOFA-VT](#), [Healthy Roots Collaborative](#). The Intervale Center is also in the process of creating a database for customers to find ways to purchase food from farmers online Chittenden County- to be added to that list (must be located in or deliver to Chittenden County) email abby@intervale.org.

Key Considerations:

1. What is your social capital and how can it be leveraged?
2. Whose products are you selling? Can you reach their customers too?
3. Where are people in your community going right now apart from their homes? Would print signage be a good way to market?

*** This is a working document and as the COVID-19 Pandemic progresses and evolves, we will update this document as best we can. For updates, additions, and edits please email sarad@intervale.org ***