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# Enhance Shopper Experience, Earn More at the Farmers Market

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## **Enhance Shopper Experience, Earn More at the Farmers Market**

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The Cornell Agricultural Marketing Research Program (CAMRP) analyzes thousands of farmers market (FM) customer transactions collected by farmers selling at FMs using electronic Point-of-Sale (POS) software. This research identifies opportunities for farmers to increase daily sales at markets by studying the factors that influence customer transaction size (CTS). The research results indicate that there are marketing techniques that can be used to increase daily revenue. It's not surprising that many of the opportunities to increase customer spending and customer counts at FMs also result in a better shopping experience for customers. Of course, one would expect consumer-oriented marketing, taking the time to understand consumer preferences and observe consumer behavior, leads to more customers and higher customer spending.

Farmers markets are a popular and valuable marketing channel for farmers. Farmers markets (FMs) are considered an “easy entry” channel for beginning farmers because of relatively low costs and low commitment. In addition, FMs give farmers an opportunity to hear customer preferences and develop relationships. Finally, FMs can be an effective customer recruitment tool for a farm's more efficient channels, such as CSA and wholesale. While popular, FMs are also relatively time-intensive, low sales volume channels. Given the important and unique characteristics of FM, they merit study of how to improve their earning potential.

Farmers selling at FMs are always looking for ways to increase sales. Consumer-focused marketing teaches that understanding consumers, their product preferences, and their preferred shopping experience, should inform vendor practices. Can creating a better shopping experience for consumers at FMs lead to increased daily sales for the farm? Research, intuition, and marketing best practices seem to say “yes!” Ultimately, serving customers better leads to increased sales.

CAMRP research using POS data from FM customer transactions informs farmers about opportunities to improve the customer experience and thus, daily sales. Surprisingly, CAMRP also learned that the very act of collecting the data—the customer checkout process—presents an opportunity to improve customer experience. While some farmer vendors still avoid using a POS system for fear of it interfering with the customer experience, those that use POS report that they can take better care of customers with POS. Farmers also benefit from the POS, and its resulting data, in other ways. One livestock farmer, initially reluctant to use POS, reports that he is now able to check out his customers more quickly when using POS than without it. A vegetable grower says, “I am

using POS at the (farmers market) stand. I love it. Every farmer should use it. It's great to see at the end of the day what sold well without having to guess." Another vegetable grower, just two weeks after adopting POS, exclaimed "How were we ever NOT doing this?"

Increasing daily sales at FMs can be approached two ways: by increasing the average customer transaction size (CTS) and increasing average daily customer counts (gaining additional customers). Ideally, marketing practices focused on the customer experience will work to accomplish both. First, consider that the customer shopping experience consists of three main components, browsing, interaction with the farmer/staff, and check out, which can be expressed like this:

Customer experience = browsing + interaction + check out

Browsing is time that the customer spends reading signs and looking over products on their own. Farmer interaction is time spent talking with the farmer. Check out is the act of tallying up the customer's selected items and collecting payment.

For consumers, one of the most unique and sought-after characteristics of FMs is the chance to interact with the farmer. Interaction with the farmer gives consumers more information about details, recommendations, and recipes for products. It also provides an opportunity to learn about farm production practices and build a relationship with the farmer. Given that FM shoppers value farmer interaction, what follows is advice on ways to speed-up checkout, allowing more time for quality interaction.

### **Faster Checkout**

In fact, integrating a POS system into a market stall is part of improving the customer experience. POS systems, such as Square, are programmed with the farm's products and prices in advance. Then, at checkout, the screen on a tablet or phone is used to quickly tally up a customer's items. Farmers with experience using POS say that they can check out a customer faster with POS than without. To give the farm a complete picture of their sales data, the POS system should be used to check out every customer, regardless of payment form (cash, credit card, or other). The POS system simultaneously records the item(s), price, quantity, and calculates the total. Additionally, it records the location, date and time, and payment method allowing for detailed analysis.

Because items are set up in advance, POS checkout takes fewer keystrokes than using a calculator and less time than taking notes on paper. The POS also calculates the total flawlessly, compared to adding in one's head. POS also calculates the correct change to give a customer when cash is used.

### **POS improves customer checkout but there are some lingering questions.**

- How do I keep track of all those items? To speed checkout, update the grid (the arrangement of buttons on the checkout screen) before each market, removing unavailable items and adding new items. If you have experience with best-selling items, set them at the top of the grid for faster selection. Farmers with numerous items can also create buttons for groups of items, such as “greens” or “pork” which might contain several products. This adds a keystroke to the checkout process but simplifies the main screen.
- Sell items by weight? Items sold by weight are set-up in the POS system as such, so at checkout the weight is directly entered, and the POS calculates the total.
- What about rounding down on items sold by weight? Rounding down for customers is a popular FM practice, most likely to simplify making change for cash-paying customers. For those paying by credit card/electronic payment, there’s no need to round down. Rounding down for a cash transaction with a POS system is simple. After entering the customer’s item(s) into the POS, simply announce to the customer a total lower than the calculated total. So, if the POS calculates the customer total of \$24.87, tell them “\$24.75.” In this case, the cash drawer won’t exactly match the POS daily sales report.
- What about giving a special price or discount to favorite customers? Discounts can be programmed in the POS, for either a flat dollar amount or a percentage of the total. Discounts appear on the item grid and are “added” to the order. The POS does the math and discounts the order total.

### **Accepting Credit Cards and Electronic Payment Methods**

The ability for customers to pay with non-cash payment forms improves their experience, even winning shoppers who may have otherwise walked by. CAMRP’s research shows that accepting credit cards and other forms of payment, such as electronic payments (Apple Pay, Google Pay, Venmo, etc.), increases customer spending. In 2021, the research showed that customers making a meat purchase using a credit card spent an average of \$2.28 more than those paying with cash, across all products. Accepting additional payment forms not only increases customer spending but may also increase daily customer counts. Modern consumers tend to carry little cash and may also be too shy or embarrassed to ask an FM vendor if they accept credit cards. Clear signage indicating “We Accept...” and a list of all accepted payments forms at the market stall lets shoppers know that they can shop with a vendor that they may have otherwise passed over.



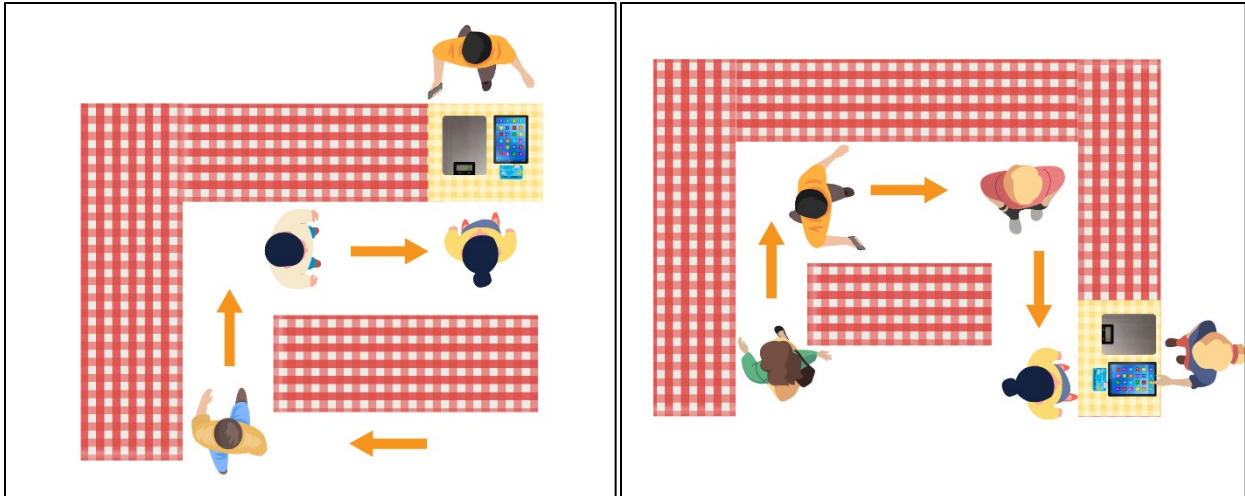
**Figure 1:** Clear signage showing all accepted payment forms welcomes customers and spares them the need to inquire.

Some farmers are concerned about credit card processing fees. However, the research shows that the average gain in sales is greater than the added cost. CAMRP calculated the fee incurred on the Square POS system for the average FM meat purchase in 2021. The average customer transaction size (CTS) was \$24.28. CTS was \$2.28 higher among customers using cards (compared to those paying with cash) bringing a transaction up to \$26.56. The Square fees on a \$26.56 transaction are \$0.79, meaning, the farm gained an average of \$1.19 when customers used a card.

Due to concerns over fees, some farms and businesses charge a surcharge for payments made by credit card. This practice is not allowed in NY, but is also arguably off-putting to customers. Rather than charging customers paying by card a penalty, motivate customers with a cash discount. Most credit card processing costs farms about 3% of the transaction value, so cash discounts shouldn't be larger than 3%.

### **Market Stall Layout**

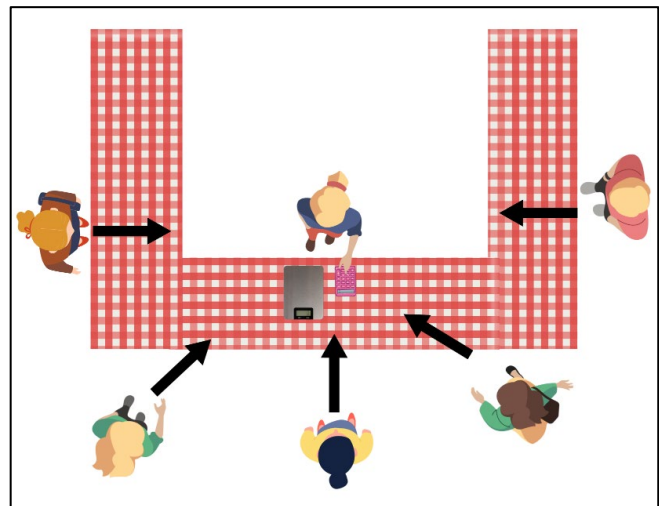
Another way to enhance customer experience is through market stall layout which can improve browsing and speed the checkout process, leaving more time for farmer interaction. A variety of linear stall layout designs, each with the checkout station clearly at an "end point" can accomplish this. Farmers in busy markets, such as those in and around NYC, tend to use a market stall layout that brings shoppers along a clear path, past all available items, ending at a checkout station. A clear linear layout directs shoppers along an obvious path.



**Figure 2:** Two market stall layouts featuring a clear browsing path with a checkout station at the “end.”

Another common layout is the “U” shaped market stall with the checkout in the middle. This layout has a few disadvantages for customer browsing and checkout:

- Customers approach farm staff from many directions, necessitating helping multiple customers at once.
- Customers approaching from one side do not see items on the other side, sometimes stopping mid-checkout, to browse additional items.
- Customers are kept out in the main aisle of traffic or in the weather.
- Customers need to vie for checkout order, unsure of who goes next.

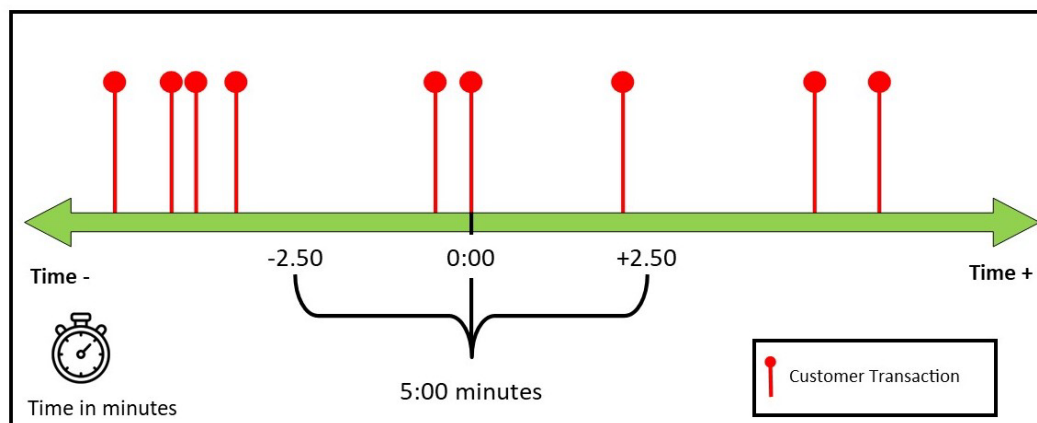


**Figure 3:** The “U” shaped market stall, while common, has a few disadvantages.









**Figure 5:** Each additional customer in a 5-minute period reduces customer spending compared to the average CTS in the 2021 study of over 26,000 transactions with meat vendors at FMs. The effect was compounding.

One way to interpret this finding is to consider the customer experience. When a farmer's market stall gets busy, customers interaction is necessarily reduced, leaving less time for farmer recommendations and relationship building. Perhaps customers are worried about holding up other customers or even hurting the farm's chance to earn, so they buy just one thing so they can more quickly get out of the way. We don't know why for sure, but project data shows reduced CTS with increasing customer density. Necessarily, busier periods mean less farmer interaction for customers, which means fewer chances for farm stories or product recommendations.

Adding a second staff person to a market stall, along with a second checkout station (scale, POS device, and change drawer), effectively cuts customer density in half. Individual farmers can look at their POS data timestamps to learn when customer densities are highest. In the case of very busy markets, a third person may be necessary. In some cases, two staff can operate checkout stations while a third person (the farmer) replenishes inventory and talks to customers, allowing more time for farmer interaction with customers who seek it and keeping the shopping experience quick for those who don't.

Additional staff add cost to a market day, however; a simple cost-benefit analysis calculation can compare farm sales data from a period before staff were added and then again after, revealing if the change was cost-effective. CAMRP research indicates that the first hour of a FM is typically the busiest. Thus, additional staff may not be needed for the entire market but perhaps just for an hour before and a few hours into the market.

## **Be Ready to Sell Early, Stay Until the End**

CAMRP's 2021 research found that customers shopping in the first hour of a market have the highest spending. Compared to the first hour of a market, transactions in the second hour fell below the average CTS by \$0.36 and continued to drop with each passing hour. One interpretation is that the most eager or dedicated customers shop at a market early. This may be because they seek the freshest products and the largest selection from which to choose. Early customers may also hope to avoid traffic and crowds coming to a market later in the day.

Don't miss out on the most valuable customers of the day! There are two implications of the changes in customer spending over the course of a market day. First, farmers should be sure to arrive early enough to completely set-up the market stall, even before the official market start time, to best serve customers who prefer to shop early. If not prohibited by market rules, aim to be completely ready for customers as much as a half hour before market start time.

The second implication of changing customer spending during the market is that the preferences of early market shoppers may well match those of customers who arrive later: fresh products and a wide selection. Therefore, farms are advised to enhance the customer experience throughout the day by regularly restocking items, misting fresh vegetables to maintain a fresh appearance, and bringing sufficient product to maintain customer choice. Consider this: customers don't usually want to buy the last few heads of lettuce once they have been handled by other customers. Therefore, how many heads of lettuce will it take to sell 40 heads at a FM? It may require bringing 45-50 heads to sell 40. Farmers should be sure to bring an adequate supply, based on POS sales records, and keep the stall looking plentiful. As the classic produce grower's adage goes, "stack it high and watch it fly." Enhancing choice and availability for early and late-arriving customers improves their experience.

Because early-market shoppers spend the most, they are the most important customers of the day. Focusing on being ready to serve these customers enhances daily sales. One way to consider the top-spending customers is by their contribution to daily sales. Data from one diversified vegetable farm at one day of market is revealing. It shows that collectively, 120 customers who each spent \$5 or less contributed \$347 to the farm's daily sales. Just 29 customers spending between \$10-19.99 contributed much more, \$414, to daily sales. The contribution of the day's high spending customers confirms the importance of setting up in time to provide them with a great shopping experience.

	# Customers	Total Spending	AVG \$/Customer
\$20 or more	2	\$59	\$29.50
\$10 to 19.99	29	\$414	\$14.28
\$5.01-9.99	59	\$406	\$6.88
\$5 or less	120	\$347	\$2.89
	<b>210</b>	<b>\$1,226</b>	<b>\$5.84</b>

**Figure 6:** Distribution of customers over 4 spending groups with total group contribution to daily sales shows the importance of relatively higher spending customers.

Perhaps because farmers know that transaction size and customer counts drop as a market day unfolds, some vendors leave their stalls late in a market day. Part of the fun of selling at FMs is to socialize with other farmers and vendors and to shop with them. However, leaving a market stall unstaffed during market hours eliminates any chance of receiving a customer purchase. To increase late-market sales, be sure to keep the market stall staffed and well-stocked. While in the stall, it is best to remain engaged and offer passers-by eye contact and a smile, rather than sitting back in a chair to browse a phone or read a book. A study conducted by GrowNYC on customer behavior at FMs documented conversion rates from exposure, to impression, to consideration and finally, purchase. Exposure counted people walking by a market stall, impressions were those who looked into the stall, consideration were those slowing, stopping, or changing their course after an impression. While the study did not include the vendor's behavior (smiling or eye-contact), we hypothesize that these actions will lead to higher conversion rates than their absence.

### **Sales Data to Inform Practices and Test New Ideas**

Using POS for customer checkout, stall layout, and staffing are effective means to reduce customer density and improve customer experience. The introduction of POS technology at FMs equips farmers with new opportunities to gauge market performance and work to improve it. As the old ag economists' adage goes, "you *can* improve what you *do* measure." Once farmers have used POS to record baseline data, new techniques can be introduced to improve customer experience and then monitored for impact. Focusing on the customer, understanding what they seek and why they choose to shop at farmer markets can inform changes including: improving customer checkout station(s), changes to stall layout and flow, new signage, payment acceptance, staffing, changes to prices and product sizes, and changes to product locations and/or displays. Marketing changes informed by customer preferences and POS data will enhance customer satisfaction and, as a result, farm earnings.

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See the GrowNYC source here:

[https://www.grownyc.org/files/upload/FARMroots/fmpp/grownyc\\_understanding\\_customer\\_behavior\\_at\\_markets.pdf](https://www.grownyc.org/files/upload/FARMroots/fmpp/grownyc_understanding_customer_behavior_at_markets.pdf)

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