

A Foothold to the Future

From the Pacific Northwest to Martha's Vineyard in Massachusetts, producers and producer-owned cooperatives are creating ways to use the Internet to make direct connections with consumers. In late March 2005, the [National Farmers Union \(NFU\)](#) unveiled its new [e-cooperatives.com Web site](#) to provide an online, retail marketplace through which farmers, ranchers and their co-ops can market and sell niche goods and services directly to consumers. The new Web site reflects growing farmer interest in learning how to effectively use the Internet as a marketing and sales tool.

“For preserving farms, and farmland, for keeping people in rural America, it seems that the Internet offers a way to adapt to change,” says Jeff Moser, NFU director of economic and cooperative development, and project manager of NFU's e-commerce project. “The Internet provides a foothold for groups like Farmers Union. It may be the best foothold we've been given since the plow.”

Web-based marketing and online ordering, says Moser, allows small-scale, rural producers and their co-ops—regardless of where they are located—to establish relationships with consumers that are critical to business growth and viability. “You can compete if you have everything in line to take orders,” he says. “It doesn't matter if you're in an isolated part of rural America.”

Three years ago, there were only seven farmer-owned cooperative Web sites capable of conducting e-commerce, according to NFU research. Today, there are almost 100, Moser says. Moreover, of the roughly 3,400 cooperatives in the U.S., an additional 520 farm cooperatives have Web sites. E-commerce opportunities (meaning all communications and transactions are done online) seem to be of particular interest to the dozens of “new generation” cooperatives that have emerged over the last decade and that produce niche items, such as partially baked breads, organic meat, specialty cheese, and pasture-raised poultry.

Individual farm businesses are also experimenting with Web-based marketing and online retailing. In March, for example, members of the [Massachusetts Association of Roadside Stands \(MARS\)](#) gathered for a full-day workshop on “How to Get the Most from Your Farm Website.” Many of the 20 workshop participants already use Web-based marketing strategies to draw tourist and local traffic to their businesses. A few are also using their Web sites for online, retail sales. “It's the new way of marketing. You've got to be up to date,” says MARS Treasurer Belle Choate. “Even farmers who are only moderately exposed to computers in their businesses know they need to know more.”

Across the country in Skagit County, Washington, fruit growers Les and Talea Price market some of their heirloom variety apples to East Coast buyers via their Web site. The Prices grow 180 varieties of apples as well as pears, plums, garlic and heirloom tomatoes but struggle to compete with big chain retailers, Talea Price told the *Skagit County Business Pulse*.

NFU's new e-cooperatives.com Web site is designed to support growers like the Prices. The latest component of its three-year “Growing Farm Business on the Internet” project, the Web site will create an electronic marketplace where consumers can locate and purchase products from

farmers, ranchers and their cooperatives. The consumer-oriented site builds on an online learning center NFU created two years ago to help farmers and their cooperatives plan and build successful on-line businesses. Based in Denver, NFU is a general farm organization representing about 250,000 farm families.

Prior to developing the e-commerce site, NFU conducted [an Internet survey](#) to gauge producer interest in and capacity to conduct e-commerce. The survey was conducted online and with attendees at state and local fairs around the country, including locations in California, Colorado and Missouri. Results showed that 94 percent of respondents use a computer, 88 percent are connected to the Internet and 80 percent use the Internet daily. Of the producers surveyed, 58 percent said they use the Internet for farm business—buying or selling or both. Nearly half—47 percent—of the producer respondents said they were interested in marketing their own products via the Internet.

The survey also provided insights into potential e-commerce challenges. Respondents' number one concern is privacy. But the quality, price and reliability of rural Internet service will likely impact e-commerce opportunities, Moser says. Seventy percent of survey respondents use a dial-up connection, 12 percent use DSL, 9 percent use a cable connection and 2 percent have a wireless connection. Three percent said they were unsure what kind of connection they have. Another concern is whether the Internet will prove viable for online sales of agricultural products. E-commerce has been successful in the financial, airline and insurance industries, but the verdict is out on food and fiber transactions. "We're on the cutting edge for the agricultural industry," Moser says. "I'm trying to find how purchasing cheddar cheese online can have the acceptability as purchasing an airline ticket."

Over the last three years, NFU has devoted almost \$300,000 in federal grants and matching funds to the e-commerce initiative. "We've been criticized for going slow, but that's not all bad," Moser says. "We have two constraints that are really a microcosm of rural America. Access to capital is tight, and there is really no margin for error. So that means that we've got to get it right."