

Mother Nature's Farm



Marketing the Farm Experience and Diverse Products

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Like many direct-marketing enterprises, the path for getting into the business of direct marketing at Mother Nature's Farm started by selling a traditional commodity with consumers the owner, Sam Kelsall, was already in contact with. In the 1970s, Sam typically sold his pigs to a large-order buyer that had a relatively good premium program. But because Sam is a lawyer, he also had a lot of contact with consumers and decided to move into marketing pigs directly to his clients by using the services of a small local butcher plant. Sam employed direct marketing to secure a higher marketing margin for his pigs for a 10-year period until his operation migrated to more crop activities.

Sam's partner, John, was the "real farmer" and every time Sam would tell his partner we should grow trees, John would say, "Trees are not the thing." Then in the late '80s a neighbor of Sam's planted several Eldarica pine trees that took three years to reach a marketable size. His neighbor grew 1,000 trees to the acre and sold them in the ground for \$40 apiece. Given the revenue potential of \$40,000/acre after three years, Sam and John decided to try a new venture that they called Mother Nature's Christmas Tree Farm. Sam would provide the seedlings and technical production expertise (shearing, etc.) while John did the irrigating and cultivating. The first year they bought bareroot Eldarica pine seedlings from Oregon. Out of the 5,000 they planted, 4,000 died. Rather than plant bareroot the second year, they grew seedlings from seed in a root trainer—which is essentially a deep pot—and lost them to weeds. The third year, they recognized that they had to cultivate more intensely while the seedlings were getting started since the seedlings didn't have a canopy to shade the weeds like traditional crops of cotton and wheat do. They quickly realized that the best marketing location and plan is of no value without a crop to market.

After selling their first Eldarica pines as Christmas trees to the public, they also quickly noted the ramifications of only getting a paycheck in December. It was also about this time that Sam read an article which held to the idea that a family farm should produce year-round crops. Year-round crops were prescribed as a solution for securing adequate year-round cash flow without obtaining annual financing.

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Developing Complementary Profit Centers

To generate a steadier cash flow and take advantage of the nice fall atmosphere on the farm, Sam and his family started a pumpkin festival about four years after their first Christmas tree sales. To reflect the addition of new events, they shortened their farm's name to Mother Nature's Farm. Their pumpkin festival has grown from just a few thousand dollars to over \$100,000 in sales every October. Since they started pumpkins, their goal has been to double sales every year. While they realize that they can't keep doing this forever, they have come close for the last five years. Because of high summer temperatures, it is not feasible for Phoenix-grown pumpkins to be ready for the October season, so they "contract" their pumpkins to a grower in San Simon, Arizona, which is at a higher and cooler elevation. Harry Owens is their grower, but they take all the risks associated with a crop failure. That is,

they buy all the inputs and Harry provides the land and labor for a fee.

Once they started in the pumpkin business, they realized that they had to be unique by offering an experience in addition to a pumpkin or Christmas tree. There are three pumpkin lots within two miles of their farm during October, and at Christmas there are four tree lots within two miles of their farm. To provide a differentiated product from the tree and pumpkin lots, they keep livestock around—goats, sheep, pigs, ducks, chickens, and a dairy calf—that the kids can have contact with. They also use a farm tractor and wagon to show the kids around the farm. A six- to eight-year-old child is their prime customer even though the farm is 46 acres with basically no fences. They also have a maze, and to better target it for this age group they use Johnson grass rather than corn. The grass is only shoulder high on an adult, so kids can see out of it and do not get scared as they sometimes do in a corn maze. Sam has noticed when he drives by the other pumpkin and Christmas tree lots on weekends that there are hardly any customers there. But the parking lot of Mother Nature's Farm is often full because he is also selling an experience.

Mother Nature's Farm is still looking for more ways to expand and smooth out their year-round income. They have tried selling sweet corn, but the heat of the summer deters customers. A Watermelon Festival in July didn't work either. Hot weather is their biggest obstacle to tackle, while cold weather is more difficult for most other regions to overcome. They are currently building a barn that will provide misters and cooling from the hot Phoenix sun. They hope customers will be attracted and comfortable enough to come and buy sweet corn, watermelon, tomatoes, and squash even during the hot summer days.

Another way Mother Nature's Farm seeks to gain a competitive edge is by selling value-added products. This includes cutting one acre of corn by hand and bundling it. Last year they did 2,000 bundles of corn in one day, which required 137 labor hours. But a simple string tied around the corn made it worth 50¢ a stock or \$5 a bundle. So they took an acre of corn, added some labor and fetched \$10,000 for corn that was only worth \$700. Sam feels strongly that you have to believe in your product to sell it at a good price. Another product they carry is honey.



The farm used to have hives, but now they only sell honey from other producers. They carry 11 different flavors of honey, such as watermelon and mesquite. The honey is different and appealing to give as a present, so they sell it in their store.

They have also started selling Grand Canyon Sweet Onion salad dressing. The entire package is put together by someone else, and they just sell the product. Sam was surprised by the number of women that seek out unique salad dressings like this. They had many inquiries at the onion festival they sponsored in 2001, and although the dressing costs \$5 while everything at the supermarket can be bought for under \$4, the dressing sold because it is unique and makes a great gift.

For the past three years, they have had a gourd festival in November on the Saturday before Thanksgiving. The first time Sam grew gourds, he found that they had no pest problems, required very little maintenance, and that one gourd plant yielded 100 gourds. He sold every one for \$5 apiece. However, he is currently looking for better ways to market the gourd festival. He is not sure whether folks are too busy before Christmas or whether they don't have enough word out on the event. The farm also has a craft weekend with unique crafts the weekend before Christmas. For the craft weekend they have had school groups singing and dancing, which tends to build up the camaraderie. Sam has tried an Easter egg hunt that was modestly successful, but



it was quite a bit of work so they dropped it. Since most of the events depend on their family for labor, they need to evaluate which activities to focus their finite energies on.

Success for Mother Nature's Farm is mainly measured by sales since their costs are largely driven by their own labor which is rather fixed. But Sam also finds selling trees and growing pumpkins to be a lot more fun and satisfying than practicing law. He generally finds himself happier and not as emotionally drained from work on the farm, but at the end of every big event or festival, everyone on their staff is still exhausted. During events, the farm is open from 9 A.M. to 9 P.M., but if you count prep work and cleanup, they work at least 18-hour days during festivals. However, they have slack time to "recharge" when they don't have any events going on. They are considering doing an event in November, such as opening their Christmas store in early November, but they are wondering if they can stand three straight months of intense work: pumpkin sales, Christmas store, and Christmas tree sales back-to-back. For now, they will probably continue to have their gourd festival or similar event the end of November because it requires less input than the Christmas store.

Market Strategies

Sam believes that a competitive edge for their operation is location, location, and location. Their farm is situated right off of the major street of Baseline and is fairly close to the Superstition freeway, which makes them very accessible and easy to find. Mother Nature's Farm also tries to differentiate itself by being a "full service" pumpkin store. They stock almost every kind of pumpkin known to man because they feel that a full service pumpkin place brings more business in and takes more pumpkins out the door.

“You're not selling me a pumpkin. You're selling me an experience.”

They have never paid for television, newspaper, or radio advertising, but they have been able to get free publicity because they are unique. Their upcoming events are often written up as short articles by Phoenix area newspapers. They can typically get 30 seconds of television coverage without too much trouble, and they received about 12 minutes of television coverage a couple of years ago. This was the same year they had a record amount of free radio time after they received a call from a "crazy hard rock" station about their farm's 490-pound pumpkin. The radio station likes wild stunts and they wanted to drop the pumpkin in a parking lot. It turned out that this station really appeals to the 20- to 30-year age group, and these people often have young children that are 6 to 8 years old. Sam agreed to the pumpkin drop, but only if the pumpkin was dropped on his farm and not the parking lot of some shopping center. Weekend sales for the publicized stunt were three times higher than those of the previous year. Attention is not drawn to a "pumpkin patch" that's not unique. However, it is news if there is going to be a weigh-off for the largest pumpkin in Arizona and the largest pumpkin happens to be on your farm. This uniqueness has allowed them to "own" the pumpkin customer.

Mother Nature's Farm uses school tours as a market promotion strategy. School tours bring about 5,000 children to the farm every year or upwards of about 150 children per day. The first school tours they did were for free but with a contest. That is, their market strategy was to have a coloring contest so that kids would bring their parents back on the weekend with their colored Christmas tree drawing. In every case, the schoolteachers had the students color the pictures and the schoolteacher would then bring them back to the farm, so the parents were cut out of the loop. After two years of the parents being bypassed, Sam was convinced that the teachers did not understand or agree with the notion of kids getting their parents to take them back to the farm on the weekend, so he started charging for the school tours.

During the pumpkin festival, each child receives a small, 2- to 3-pound Oz pumpkin that is almost indestructible. Each pumpkin has a sticker on it that says it was found at Mother Nature's Farm with instructions on how to grow it. During Christmas, each student goes home with a small tree with a label that says, "I was grown at Mother Nature's Christmas Tree Farm."

Pricing

With respect to pricing, the name of Mother Nature's game is to figure out how much markup the farm can ask for and get people to pay. Sam has used pricing points that nurseries often follow. For example, the farm used to make compost and put it in plastic bags with the price point being \$0.99. If the compost were priced at \$1.29, very few customers would buy it. So a direct

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farm marketer must figure out what the price point is for what they are trying to sell. Sam feels that pumpkins don't have a price point since people don't buy enough at the grocery store to know what they sell for. The price of potted Christmas trees is not that well known in the Phoenix area either.

They price their pumpkins by size. The “Jack” is \$10 and the smaller pumpkins \$5 and \$2. These prices are so high by weight that it would be embarrassing to talk about the cost per pound. Their pumpkin sales have really been a bright star with growth for the past three years, rising from \$25,000 to \$55,000, and then to \$100,000. Sam knows someone in Indiana that does over \$1 million in pumpkin sales. Once, when a customer complained

to Sam about the high price of the pumpkins (substantially more than \$1 per pound) when they were selling for \$0.25 per pound at the store, Sam told him, “Try taking a hay ride down the supermarket aisle.” The customer got the point and responded, “You're not selling me a pumpkin. You're selling me an experience.” Even if customers don't take the hay ride, they still get a little feel of the farm.

They charge \$2 for about a 20-minute hay ride and \$5 for hay rides that include a drop-off at their maze. Most customers spend about two hours if they go through the maze, so Sam feels that they are price competitive with a movie or similar entertainment activity. They run double trailers so that they can carry around 50 people per tractor. Children and parents are both charged for the hay ride. Sam has observed that most people buy their food from the grocery store with little contact to the farm, so part of what Mother Nature's is trying to do is educate and bring people “to the food.”

For their Christmas trees, a tree is the same price to dig or cut. If farm staff dig the tree, the cost is \$2 per foot higher than if it is cut. About 10 to 15 percent of their clientele want to dig their own tree. The farm has had their fields full of people taking two to three hours to do this because it is difficult for customers to dig a 15-gallon tree in the heavy soil. Thus, for some customers, the staff will give them a shovel, take their picture, and then farm staff will dig the tree out for them.

They charge \$5 per student for school tours and they find them to be a good and steady profit center for the farm. At first they charged just the kids and let the parents and chaperones in free. But for some schools, such as charter schools that have heavy parent involvement, they would have 50 parents if they had 50 kids. This was just like having 100 kids. Currently, if there are more than a certain number of parents, additional adults are charged an entrance fee. Sam says, “In general, if people don't pay anything for it, they don't think it is worth anything.”

Threats to Business

Each farm needs “event coverage” and “regular coverage” according to Sam. An insurance agent quoted Sam a price of \$2,000 per day for event coverage, which would cover against being rained out and other disastrous events. Although they have canceled events due to rain, they have

never carried a "weather insurance" policy. If it ever gets to the point that they can't afford to lose the dollars they have invested in an event, they may get "event coverage." Sam has a million-dollar umbrella policy that he secured through a direct-marketing association. They use normal carriers for car and health insurance.

Up until a few years ago, Mother Nature's Farm was "in the country." In 1968, they had only farm houses within three miles of their place. In the last 12 years, housing from Gilbert and Mesa has built out next to them. A subdivision was built on their east side seven to eight years ago. To keep from having problems with the neighbors, Sam wrote a letter and walked it around to all his immediate neighbors. He let them know, "I'm a farmer and we're going to be working at night in the field now and again." But in the last two years houses have been built on all sides of them. Through this transition to urbanization, Sam has noticed how the attitude of the community toward farming has changed. In 1968 as a pig farm, he was welcomed by virtually everyone. But now, several people around town view Mother Nature's Farm as a nuisance, even though they are growing lots of trees in some places and are providing some "open space." The farmland they own is relatively small at only 46 acres, but they also rent 130 acres about two miles away, giving them around 175 acres.

Sam believes that government regulation is the biggest threat to their operation. Whatever they want to do is going to take twice as much effort and cost to get it done. Sam feels as though they currently need permission from the government to do anything since they live on "the fringe." Sam also feels it will take a long time before they can possibly get back to a more "free system of land use" as well.

Road improvements have cost Mother Nature's Farm a lot of business in the past. Baseline is a major road near the farm that has had four improvements in the last five years and is supposed to be improved again. One year, sales at the farm were cut by about 50% from an improvement project a mile west of them to put in a 24-hour Wal-Mart store. The following year, sales doubled at their pumpkin festival. Some of this upswing was possibly driven by low sales in the prior year but some may also be attributed to an increase in traffic they have experienced from folks going to Wal-Mart to shop. However, Sam is not convinced that the typical Wal-Mart customer fits their consumer profile well since people shop Wal-Mart for low prices and their pumpkin farm is not "low price."

Sam is planning a great big Wisconsin-style dairy farm in the future for Mother Nature's Farm. He hopes road improvements will include left and right turn lanes in the next five years, as well as paved parking around the barn but with most parking on the grass. The barn will offer year-round labor if Mother Nature's Farm chooses to move beyond family labor.

Guiding Principles Gleaned

Key points and principles observed from Mother Nature's Farm as they transitioned from a pig farm to a direct farm marketing and entertainment place can be summarized as follows:

- *Providing Unique Experiences.* To get out of the commodity business, they had to provide a product that was unique to competitors in their area. In the case of their competing pumpkin and Christmas tree lots, providing a farm experience that includes small animals, a wagon ride, and a pumpkin weigh-off and drop have been quite effective for them in providing a

competitive edge over their neighboring competition. In addition, they stock a wide selection of pumpkins and are essentially the only place in town where a live Christmas tree sitting in the ground can be bought.

- *Budgeting Family Energy Carefully.* Because most of their input cost is tied up in family labor, they largely evaluate new and alternative events on the basis of how much energy they feel they can provide to an event given the amount of energy they already have committed to their existing successful events.
- *Year-Round Events.* While their pumpkin and Christmas tree events have been quite successful to their bottom line, they are still seeking other activities in the spring and summer that will provide for more year-round cash flow and customers coming to their farm.
- *Zoning Challenges.* Because urban high density housing already borders their farm, they believe that the greatest threat and challenge to their operation in the future will be in dealing with zoning regulations. "Farming activities" that they used to do unchallenged are receiving complaints from their neighbors, even though they have made prior contact to nearby housing developments explaining the activities that occur annually on their farm.

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