Direct marketing involves selling products directly to the consumer in order to allow the producer the possibility of receiving a higher price. This usually involves three critical steps:

- making a direct connection to consumers;
- determining the consumer wants or needs; and
- offering products that meet those needs.

Direct marketing may take many forms and usually includes a combination of techniques, such as selling to farmers markets, door-to-door sales, Internet marketing, direct sale to restaurants or institutions, and so on.

Producers often consider direct marketing because it can provide several advantages. Neil Hamilton of Drake University in his book, The Legal Guide for Direct Farm Marketing, cites monetary benefits of direct marketing, including:

- Higher prices because you are selling at retail not wholesale prices.
- More net income, because you retain the portion normally absorbed by intermediaries, such as wholesalers.
- More stable and dependable sales if your direct farm marketing outlet has a steady flow of customers.
- More marketing opportunities because you can still sell your products in the traditional wholesale markets.
- Marketing higher value products such as meat and processed foods.

He also cites many personal or non-monetary benefits to direct farm marketing such as:

- Building relationships with customers.
- Personal satisfaction and fulfillment. Every farmer knows how satisfying it is to produce a good crop, but direct farm marketers experience a special feeling as they directly supply fresh, wholesome food. They get to share the food with the people who appreciate its value and who let them know how much they appreciate their efforts.
- Working at home with your family.
- Creating “community” around the farm. Many direct farm marketing operations involve more than just one person working in the field. The family may be involved as well as outside workers.
- Running a personal business enterprise.
- Maintaining autonomy or independence.

Hamilton cautions, “The decision to become involved in direct farm marketing should include identifying the risks (or costs) which might be associated. The risks or costs associated with direct farm marketing will probably be of two types – those that are directly quantifiable and those that may be more difficult to measure”.

In his book, Hamilton notes eight things that could get you into legal trouble if violated.

- Selling more products produced by others than raised by you.
- Not carrying sufficient liability insurance.
- Failing to comply with labor rules when hiring employees.
- Conducting a “commercial” business in an area not zoned for such use.
- Allowing unsafe conditions to exist on your property.
- Selling processed foods that have been produced at an unlicensed facility.
- Failing to observe farmers market rules designed to protect the safety or quality of food.
- Not complying with record keeping and paperwork rules for tax or labor laws.

Joel Salatin, a Virginia pastured beef and poultry producer and author of several books, suggests several things to think about when deciding on the pricing of your products.
• Don’t under-price your product. Attributes such as “sustainably produced” are perceived to be superior products to consumers because they may be more environmentally friendly, humanely produced, or are produced on family farms. Patronizing local farmers ensures that the local economy is stimulated. Salatin suggests that producers set a rewarding and satisfying gross margin and then stick to it. This will allow the producer to build a customer base with clients who appreciate the product for what it is, not for what it costs.

• Don’t try to satisfy all customers’ needs. Take into account the time and extra effort that may be needed to accommodate their requests.

• Keep accounts receivable low. Operate on a cash and carry basis as much as possible.

Direct marketing has a unique characteristic that depends on building relationships with the customers. In fact, the term “relationship marketing” has been used to describe the best methods of direct marketing for family farms. Salatin suggests these marketing tenets:

• The producer has to tell the consumers why the products are different from those bought in the grocery store.

• Product quality: For example, when the producer maintains control of the animals and raises them, it should be easier not to compromise the quality of the meat.

• Customer loyalty: When the consumer knows the producer personally, the relationships built between them, both emotional and physical, are not easily broken. Good sellers know and use their customers’ names. Loyalty helps bring in repeat customers. The greater the loyalty and satisfaction, the higher the likelihood of repeat business, even though the product may be available at the grocery store at a cheaper price.

• The producer has to remember that the first rule of business is that the consumer is always right, but in some cases a sale might actually cause a negative gross margin. If a consumer is not a good patron, the producer should consider not selling to him/her.