

# MANITOBA

## Direct Farm Marketing in Manitoba



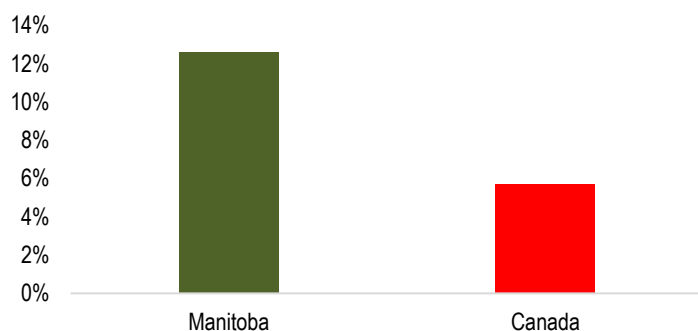
Direct farm marketing is the sale of agricultural goods and products from the farm straight to the consumer, without intervening distributors or retailers. Unlike other marketing strategies, it allows the producer to have greater control of how they sell their products. The most popular types of direct farm marketing include: 1) on-farm site stores such as U-pick, farm gate sales, roadside stands and kiosks, and community-supported agriculture<sup>1</sup> (CSA) and 2) off-farm site stores such as farmers' markets or selling through online sales and direct deliveries.

Results from international surveys<sup>2</sup> indicated that people have been buying more locally produced products, particularly during the COVID-19 pandemic. Food industry professionals suggested this trend will continue and will become very influential in the next five years.<sup>3</sup> The Census of Agriculture began reporting on Direct Farm Marketing in 2016 and expanded its questionnaire for the following census, as the Agriculture sector continued to adopt this marketing strategy.

### More Manitoba Farms Selling Directly to Consumers

In 2020, Manitoba had 1,008 farms selling food products directly to consumers, which represents an increase of 12 per cent compared to the 900 farms reported in 2016. As shown in Figure 1, Canada saw a smaller increase in the same period of 5.7 per cent, going from 24,510 in 2015 to 25,917 farms in 2020. The proportion of farms reporting direct sales in Manitoba also increased from the previous census. In 2020, 6.9 per cent of farms in Manitoba reported direct sales, up from 6.1 per cent in 2015. However, direct sales in Manitoba are still below the national average, which is 13.6 per cent. This can be due to Manitoba's large number of oilseed and grain farms. In Manitoba, 1.7 per cent of oilseed and grain farms reported direct sales in 2020, a lower rate than any other farm type.

Figure 1. Percentage increase of farms selling agricultural products directly to consumers between 2015 and 2020



Source: 2016 and 2021, Census of Agriculture, Statistics Canada

### Smaller Farms are More Reliant on Direct Sales

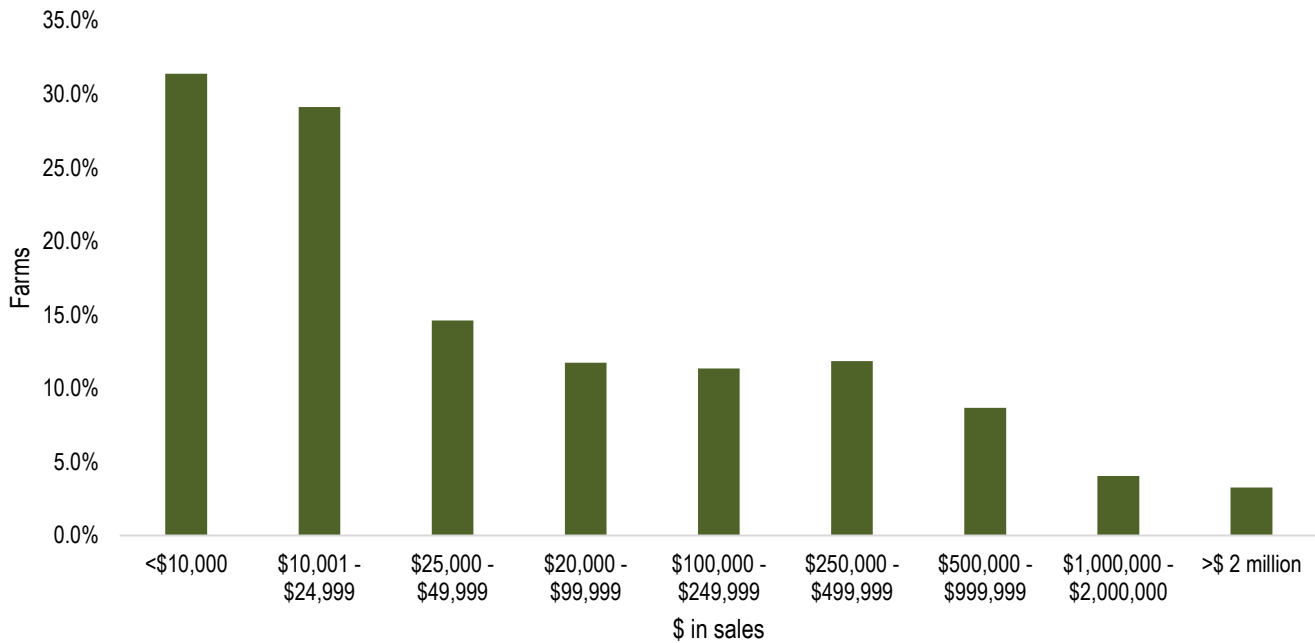
Direct sales is a common marketing strategy for smaller farms. In Manitoba, farms with less than \$10,000 in sales accounted for more than 30 per cent of farms selling directly to consumers, while farms with \$2 million or more in sales accounted for 3.3 per cent of farms using direct farm marketing in 2020. Figure 2 shows the distribution of Manitoba farms selling directly to consumers by farm size.

<sup>1</sup> Community Supported Agriculture (CSA) is an agricultural marketing innovation whereby a farmer or a group of farmers partner with individuals from the local area who make an investment in the farm in advance of a growing season and become members.

<sup>2</sup> Euromonitor International's 2020 Voice of the Industry survey

<sup>3</sup> Euromonitor's Voice of the Industry – Food Survey, April 2021

Figure 2. Distribution of Manitoba farms selling directly to consumers by farm size (\$ in sales)



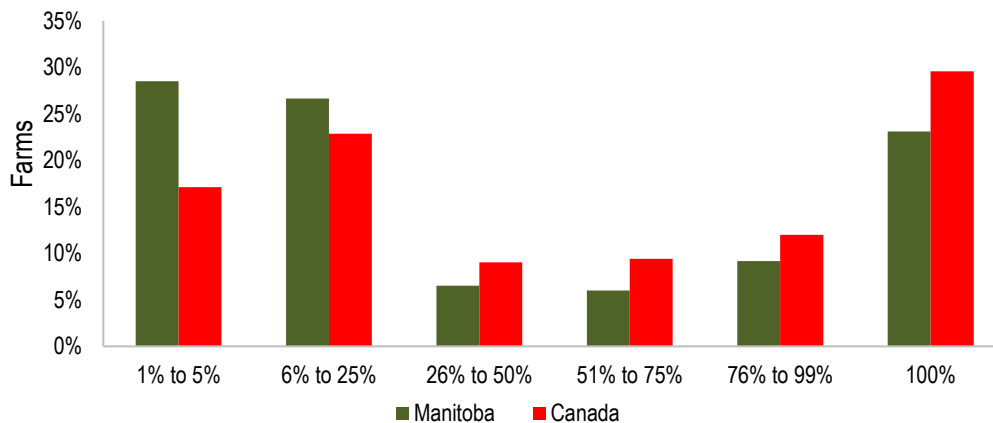
Source: 2016 and 2021, Census of Agriculture, Statistics Canada

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### Percentage of Total Operating Revenues for Farms Reporting Selling Directly to Consumers

For most farms selling directly to consumers, direct sales represent a portion of their total operating revenues. As shown in Figure 3, 29 per cent of the Manitoba farms selling directly to consumers obtained up to five per cent of their total operating revenue through direct sales, compared to 17 per cent at the national level. Meanwhile, 23.1 per cent of Manitoba farms and 29 per cent of Canadian farms selling directly to consumers obtained their entire farm operating revenue through direct sales.

Figure 3. Distribution of farms selling directly to consumers by percentage of total operating revenue



Source: 2021, Census of Agriculture, Statistics Canada

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Direct sales represented an important source of operating revenue for smaller farms in Manitoba. In 2020, farms with less than \$10,000 in sales accounted for more than half (59.3 per cent) of farms in which direct sales represented more than three-quarters of total farm operating revenues. Meanwhile, farms with \$2 million or more in sales accounted for 1.2 per cent of farms in which direct sales represented more than three-quarters of total revenues.

## Farms Selling Directly to Consumers by Industry Groups in Manitoba

Overall, all industry groups, except the vegetable, oilseed and grain industries, have increased direct sales in 2020, compared to 2015. As it was the case in the previous census, fruit and tree nut farms were the most likely to report direct sales. In 2020, 72.7 per cent of farms classified as fruit and tree nut reported direct sales, up from 57.3 per cent in 2015.

Manitoba also has a high rate of vegetables farms and greenhouses participating in direct sales. On the livestock side, poultry and egg farms, as well as sheep and goat farms, report selling directly to consumers. More than 26 per cent of farms under the other animal farm<sup>4</sup> category sold directly to consumers in 2020. As previously discussed, only 1.7 per cent of oilseed and grain farms in Manitoba reported direct sales in 2020, a lower rate as any other farm type.

Table 1. Proportion of farms selling to consumers by industry groups

	2021	2016
Total – all farms	6.9%	6.1%
Oilseed and grain farming	1.6%	1.9%
Vegetable and melon farming	37.0%	42.9%
Fruit and tree nut farming	72.7%	57.3%
Greenhouse, nursery and floriculture production	19.7%	10.4%
Other crop farming	6.5%	5.0%
Cattle ranching and farming	6.4%	4.7%
Hog and pig farming	11.0%	8.8%
Poultry and egg production	19.4%	12.4%
Sheep and goat farming	22.4%	17.8%
Other animal production	26.5%	22.3%

Source: 2016 and 2021, Census of Agriculture, Statistics Canada

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## Degree of Processing of Products Sold

Most direct sales in Manitoba are related to “unprocessed” foods, which include fruits, vegetable, meat cuts, poultry, eggs, maple syrup, and honey. In 2020, 972 farms sold “unprocessed” foods through direct sales, representing 6.7 per cent of total farms in Manitoba. Only 119 farms, the equivalent of 0.8 per cent of total farms in Manitoba, reported selling value-added products. These products with secondary processing include sausages, wine, jellies, cheese, cider and pies. Compared to 2015, there has been an increase of 11 per cent of farms selling unprocessed products and 22.7 percent selling value-added products. Canada saw smaller increases in that five-year period: 4.9 per cent and 7.8 per cent for unprocessed foods and value-added products, respectively.

## Methods of Direct Selling Products to Consumers

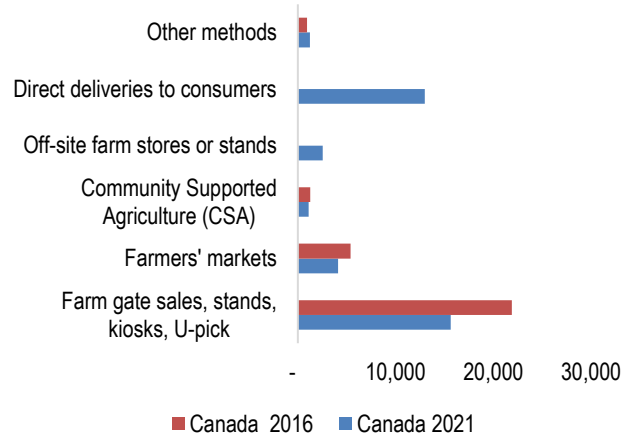
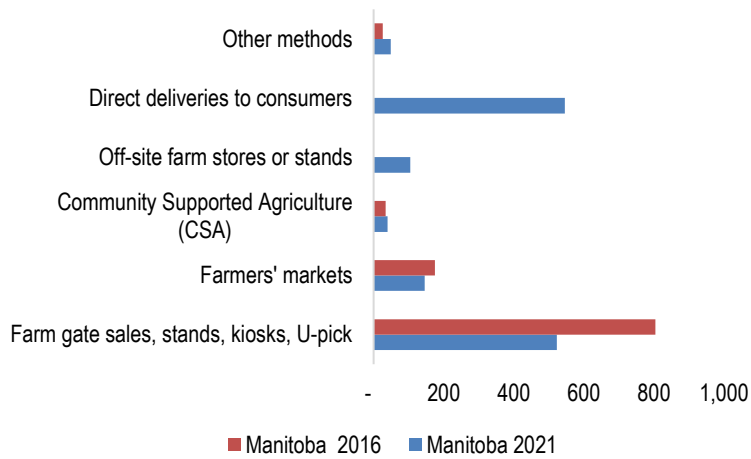
Farms selling agricultural products directly to consumers reported using one or more of the following methods:

- i- On-site farm stores (U-pick, farm gate sales, stands and kiosks)
- ii- Farmers markets
- iii- Community Supported Agriculture
- iv- Off-site farm stores or stands
- v- Direct deliveries to consumers
- vi- Other methods

In response to pandemic-related health measures and social distancing, direct delivery to consumers became the most frequently reported direct sales method, followed by on-site farm stores in 2021. More than half (54.2 per cent) of the farms reported direct sales using direct delivery. In addition, 52 per cent of farms that sold direct to consumers used on-site farm stores. However, the number of farms in both Manitoba and Canada using on-site farm stores and farmer markets dropped by 35 and 17 per cent, respectively. In contrast, farmers selling through Community Supported Agriculture saw an increase of 17.6 per cent in Manitoba and 14.5 per cent in Canada.

<sup>4</sup> Other animal production category includes bird production, laboratory animal production (e.g., guinea pigs), companion animals (e.g., cats, dogs), worm production, deer, and llamas.

Figure 4. Number of farms reporting using different direct sales methods to sell their agricultural products



Source: 2016 and 2021, Census of Agriculture, Statistics Canada

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- Go to [manitoba.ca/agriculture](http://manitoba.ca/agriculture) and click on Markets and Statistics.
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