

# Farm Shop

## Introduction

Farm Shops can range from a temporary stall selling seasonal products to a full-scale, full-time mini-supermarket. A farm shop can be an effective way to add value to farm produce. There is an increasing demand for healthy and naturally produced foods. People are also interested in how it is produced, in freshness and in traceability. The growth of these markets reflects changing consumer preferences for fresh locally produced foods.

To be successful, farm shops should sell produce all year long and a strong commitment is needed. Continuity of product lines is essential. Location is important and car-parking facilities should also be available. Compiling client lists is recommended for promotional purposes and cultivating relationships with existing clients to ensure repeat business and loyalty. The produce sold will depend on the type of farm, but usually include fresh meat, dairy products, fruit and vegetables, bakery products, jams etc. It is very important to become specialised and offer something different, as most people won't travel further and pay extra for products that can be bought in their local supermarkets.

## The Market

It is difficult to estimate the number of farm retail outlets in Ireland but if there are no farm shops operating in your vicinity there may be a market for one particularly if you are located on a busy road or near an urban area. To operate profitably the farm shop may need to be open at weekends and in the evenings.

Quality and Freshness are major selling points. Specialty produce will also attract customers. If you can offer something unique (e.g. home made ice-cream), this can command premium prices and draw customers. Your shop must offer something that is not available in local shops as you will be competing with local supermarkets. Linking your farm shop with other attractions either on your farm or in the local area could help attract more customers.

As a first step towards setting up a farmers shop it is worthwhile selling produce through local farmer country markets. This will also help establish a customer base.

Retailing is a challenging experience requiring different skills to farming and a farm shop enterprise is likely to be much more successful if the entrepreneur has a natural flair for business.



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*This is one of a series of fact sheets on potential income generating activities.*

*All fact sheets are available in the Advisory Section of the Teagasc Website*  
**[www.teagasc.ie](http://www.teagasc.ie)**

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Teagasc Fact Sheets present a brief overview of a topic. Further detailed advice should always be sought from relevant sources.

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## Setting Up

Location is critical to the success of a farm shop. Farm Shops near villages or towns may get regular custom from people who want organic or speciality produce. Image is a key factor and the building must be tidy and attractive. Using a redundant farm building is one way of setting up a farm shop. Good access/ car-parking is crucial. The main kind of produce sold in farm shops is potatoes, vegetables, eggs and poultry, goat's milk, fresh fruit, jams, honey and cakes. A good variety is important. The shop must be kept clean and the stock well presented. Advice on training for food handlers is available from the Food Safety Authority of Ireland (FSAI). Advertising needs to be carried out in the beginning and when new stock items and seasonal products such as fruit is to be introduced. Local newspapers are a good way of doing this. Roadside signage will help customers find your shop. Drawing up a list of regular clients who can be directly targeted can help with the promotion of the shop. Building up a loyal client base and establishing a reputation through farmers markets is recommended. You will also need to discuss if you need to register for VAT with your tax adviser.

## Establishment Costs and Profit Margins

Food retailing is a low margin business and farm shop profits are very variable.

The minimum fixtures required are a counter and cash machine. Installing chill cabinets and freezers may be costly and may not be required depending on the produce offered. Allow for a storage area of about one third of the sales area and if possible have separate entrance to storage rooms.

All farm shops need to have their own insurance otherwise it is at the shop owners own risk. Check product liability, public liability and employer's liability cover.

Some running costs include casual labour, stock-wastage, loss leaders, and maintenance. Heat and light and insurance are also necessary. A high turnover is needed to repay the investments and the costs, but will vary considerably depending on the size of outlet, products on offer, length of season, etc.

## Links

Food Safety Authority of Ireland [www.fsai.ie](http://www.fsai.ie) Abbey Court, Lower Abbey Street, Dublin 1

Tel: (01) 817 1300 E-mail: [infoa@fsai.ie](mailto:infoa@fsai.ie)

Irish Food Market Traders Association [www.irelandmarkets.com](http://www.irelandmarkets.com)

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