

The internet, information technology, and smart phones are changing the way people shop, including for all types of food and farm products from fresh produce, flowers, and value-added products to ready-made meals and even meat, grains, eggs, and more.

E-commerce is not just about using a website, email list, or social media to promote your farm and products to customers, though those are important marketing tools. E-commerce also includes processing orders and sales transactions online via a farm's own website or through an e-commerce marketplace.

This fact sheet includes information on:

- Getting started selling online.
- Shipping products to customers.
- Regulations for interstate commerce.
- Promoting e-commerce sales.

Getting Started Selling Online

Technology and consumer behavior are evolving faster and faster every year. It can be difficult to keep up with all the options for selling online—websites, mobile phone apps, various credit card and electronic payment options, as well as new ways of delivering products. To get started, it can help to consider two primary ways to sell products online:

1. An online store on a farm's own website.
2. A third-party marketplace

Of course, farmers may choose to use a mix of several approaches to e-commerce to meet their own direct marketing needs and style.

1. Create an online store on farm's own website

One option for selling products using e-commerce is to have all sales go through a farm's own website. Accepting credit and debit cards has become more accessible for individual farms, including for online transactions. Payment processing services like Square, Google Wallet, Apple Pay, and PayPal often have options to set up a simple online store using their software. This can be a helpful option for farms

to collect customer payments through their own website for sales to individuals such as CSA shares, buying clubs, and in bulk to restaurants where prices don't change often and are relatively large single transactions.

Farms can also develop a more expansive online store on the farm's own website to manage ongoing sales of a wide variety of products. A number of web-based, online farm store management software products such as FarmersWeb, Shopify, Small Farm Central, Farmigo, CSAWare, Local Orbit, Local Food Marketplace, and many others exist. Farms can use these to list many products for sale, allow customers to browse and select items, and process payments that often include shipping or applicable sales tax calculations. Be sure to check their customer reviews as part of researching options.

With an individual online store on a farm's own website, the farm maintains control of all aspects of the sales and branding. The farm must have someone who can be responsible for setting up and managing all aspects of the online system, promoting and displaying products on the website, managing the actual sales transactions, inventory management, shipping or delivery, and customer service

Maintaining an individual online farm store also means the farm assumes responsibility for following all regulations and collecting sales tax where appropriate. This extends to responsibility for internet security of customers' personal information, and selecting a third-party credit card processor that ensures protection of personal information.

2. Sell products using third-party, online marketplace

Another approach to e-commerce is to use a third-party, online marketplace website that is designed to aggregate product from many independent farm and food businesses. Multiple farms and food businesses can post products for sale on these online marketplaces. All of these sites typically require creating an account and agreeing to the site's terms of service.

DIRECT MARKETING STRATEGIES

There is a wide variety in the scale, types of products, and business model of this sort of online marketplace. Some are dedicated to local food and farm products and focus on promoting the farms as well as their products. Examples include food4all.com, Barn2door.com, agrilicious.com, food-hub.org, or localharvest.org. Some e-commerce business models focus on a particular product, such as CrowdCow.com, which allows small producers to sell cuts of beef and reach more customers online while maintaining the farm's identity with farm-specific promotion and branding.

Other online marketplaces include every possible product category. Farmers are able to sell products on an increasing number of e-commerce open marketplaces that are not food-specific such as eBay, VarageSale.com, Etsy, Craigslist, Facebook Marketplace, and others where businesses and individuals can offer products for sale.

Bluebird Grain Farms in Winthrop, which has developed e-commerce as an important part of their direct marketing strategy shares, "Online selling platforms can be costly, particularly those that take a percentage of your sales. Consider those with monthly fees, this allows you to grow your business without the store platform cutting into your margin significantly."

Considerations when choosing an e-commerce marketplace

When choosing an online marketplace, research the set-up and transaction fees charged to sellers. Many sites may take a percentage fee from each sale for credit card processing or overhead, including website maintenance and marketing.

Learn if there are restrictions on the type of food products that can be sold through their website. Assess how easy it is for potential customers to use the online store to find and purchase your products. How efficiently payments are processed is important, as are all aspects of online security. Understand how it is determined if tax needs to be charged on items sold on the online marketplace. That may be up to the farm, with support from the website's customer service. Consider how easy it is for the farm to update product information such as product availability, descriptions, photos, and price. While convenient in many ways, these sites can be expensive and offer limited control over branding for an individual farm business.

Keep the customer experience in mind

As with everything online, the user's experience of the site is important. Attractive visual presentation of products and ease of purchasing products are critical.

- Make it easy for the customer to use.
- Use the best quality photo available of any product.
- Make sure product titles are short and descriptive, and prices are easy to read and understand.
- Be clear about exactly what and how much of a product a customer is purchasing.
- Consider allowing customers the option to buy differing amounts of a single product with different size and volume offerings.

Shipping Products to Customers

Products sold online are frequently shipped to the customer. Farms need to consider how to maintain product quality and follow shipping regulations. Products shipped through the mail require special care and expense. Research shipping costs and times in advance, so you can communicate with customers about how and when they will receive their purchases.

Perishable food items can be shipped. It is important to package products, especially those that are perishable, for freshness, food safety, and quality. Make sure products will arrive before they begin to spoil. Customers will expect to receive fresh, intact products with an appealing appearance. The sender typically assumes the risk if anything goes wrong. USDA's Food Safety and Inspection Service has a useful resource that details step-by-step advice on how to safely ship and handle perishable food items through the mail. Search the FSIS website, [fsis.usda.gov](https://www.fsis.usda.gov), for "Mail Order Food Safety."

Regulations for Interstate Commerce

Any food product sold online is subject to the same regulations and licenses as if it were sold through other means. Some products trigger additional regulations when they are sold or shipped across state lines, which is referred to as "interstate commerce." Some licenses or permits may not allow online or out-of-state sales or shipment.

For example:

- Whole poultry processed under a WSDA Food Processor License is not allowed to cross state lines, including Oregon and Idaho. However, there can be exceptions for food products containing poultry as an ingredient.
- Grade A dairy products that are mailed or delivered out of state require participation in the Interstate Milk Shippers program, administered by WSDA.
- Meat processed under a WSDA Custom Exempt License, and rabbit meat processed under a WSDA Food Processor License, are not allowed to cross state lines, including to Oregon and Idaho.

Check with the agency that regulates each food product to understand any applicable online and out-of-state sales requirements prior to initiating any online e-commerce plans. Other fact sheets in this handbook can assist in this research.

Shipping farm products directly to customers outside of the United States is more complex due to the need to abide by each country's regulations and jurisdictions. Plan ahead and research the legal requirements for all international sales, especially if products are certified organic or may be subject to other international or equivalency agreements. The export development assistant at the WSDA International Marketing Program helps businesses become export ready, call 360-902-1940.

Retail sales tax for online sales

Washington businesses selling online and shipping a product within Washington are responsible for charging the retail sales tax. The tax rate includes both state and local components. The rate for any sale is based on the rate in the destination where the customer receives the goods. In Washington, most non-prepared food items and food ingredients, including those sold online, are exempt from sales tax. However, prepared foods (such as hot and ready-to-eat foods) are taxed. Please visit the Washington Department of Revenue website for information, dor.wa.gov, or call 800-647-7706.

Products sold and shipped to customers outside of Washington State are exempt from the Washington retail sales tax. Customers purchasing products online in those states would be responsible for paying applicable taxes in their state. Sellers should check with the individual states to see if they have any tax liability in those states.

Shipping wine, cider, spirits and other alcohol

Most states allow some direct shipment of alcohol to customers in their state, however the specific regulations vary state by state. For example, most states restrict direct alcohol shipments to only wine. It is important to understand the rule in the states you will ship to before making any sales. Alcohol cannot be shipped through the U.S. Postal Service, so private companies like FedEx or UPS must be used. In Washington, a wine shipper's permit is needed to ship wine. The permit is an endorsement to the State Business License with a fee of \$100 in 2019. Sales taxes must be collected and remitted according to the receiving state's laws even if the shipper does not have a physical presence there. Visit the Washington State Liquor and Cannabis Board website and search for "direct shipping laws" for an overview of the requirements, lcb.wa.gov.

Promoting E-Commerce Sales

As with all direct marketing strategies, promotion to help customers find and purchase your products is an important part of an e-commerce business.

E-mail lists

A well-managed database or list of customer email addresses is invaluable to directly promote online sales and specials. This can be as simple as a current list of email addresses that receive occasional emails with links to where your products can be purchased online, or it can be developed into a full email marketing campaign. There are multiple options for online services that help small business develop and maintain email marketing activities such as Constant Contact, Mail Chimp, Campaign Monitor, and many others.

Social media such as Instagram, Facebook, and others can be very effective at generally raising the profile of a farm business with customers. It can also be an effective tool for directly promoting online sales opportunities in real time to both customers and their friends. Because of its interactive nature, social media also enables farms to get valuable feedback about products and how they are sold. Some farms use a social media management tool to organize and manage all their social media in one place., Agora, Buffer, Hootsuite, SocialOomph, TweetDeck, are all examples. Many offer use of a basic tool for free.

DIRECT MARKETING STRATEGIES

Social media

There are ample resources online to learn more about internet and social media marketing in general, including “Internet Marketing” from the Southern Sustainable Agriculture Working Group, ssawg.org/internet-marketing and the “Online Promotional Strategies” section of the ATTRA’s publication “Direct Marketing,” searchable at attra.ncat.org.

Website

The opportunities to purchase products online can also be promoted on the farm’s website and in any e-newsletters or blog posts. These may be originated by the farm or by a like-minded organization or agency, or through paid advertising. The impact of these website-based blogs and stories can be magnified if links to them are shared through social media posts.

On the actual webpage where the products are featured, lead with the most important information first and calls to action such as “buy our products online,” or “join our CSA.” Keep the text easy to read at a glance and visually appealing. Make sure sentences are short and simple. Photos are the most effective means of communicating a farm’s story, product quality, taste, and more. Include authentic, relatable people, a food item, or a shot of farm landscape. Featuring the farm logo or name in photos or graphics can reinforce branding.

Benefits of selling online

- Direct access to your customer base.
- E-commerce sales can reach a large customer base, independent of where the farm is located. It allows farms to reach current and new customers locally, regionally, or nationally.
- For customers, ordering through a well-designed website can be more convenient, allowing them to make purchases from anywhere on their own schedule.
- Receiving customer orders or inquiries via email or online allows farms to respond when it is most convenient and can reduce data entry.
- Websites are highly “sharable” via social media and links which can facilitate connections among the target market.

- Building a customer database electronically helps to target marketing through email and social media.
- Existing technology a farm is using to process credit card payments at other sales locations like farmers markets may also be used to process orders and payments made online.

Challenges of selling online

- Maintaining the technology, software, online store, and updated inventory requires someone with the right mix of skills and time. A reliable, user-friendly website is essential to online sales.
- Policies are needed for taking orders, shipping time, and credits or replacements in the case of lost or damaged product through shipping.
- Written and phone communication with customers is critical, including answering questions, creating package inserts, emailed order and shipping confirmations, or phone follow-ups.
- Quality packaging and shipping materials are needed to maintain freshness and quality. Packaging products and getting them shipped promptly can also be time-consuming.
- Getting frequent return sales may be difficult and costly. Think of ways to provide high value and make each product special.
- E-commerce is highly competitive and farms need to invest in promotion.
- Online selling platforms can be costly, though options with different fee structures exist.



- 5. Licensing
- 8. Taxes
- 11. Direct Marketing in Washington State
- 23. WSDA Food Processor License and Facilities
- 24. Cottage Food Permit
- 27. Selling Beef, Pork, Lamb, Goat, and Other Meat
- 29. Selling Dairy Products
- 46. Selling and Processing Poultry
- 52. Selling Wine, Beer, Hard Cider, and Distilled Spirits