



Case Study

Eolian Farms Llamas and Shetlands

Newcastle, Maine
Johnson Johnson, Farmer and Artisan

This case study of Eolian Farms demonstrates how a lifestyle entrepreneur can use the Internet to expand the sales of her value-added agricultural products – fine fiber, egg-yolk soap, wooden tools, and kits. It also shows the importance of experimenting with different means of collecting payment in order to find the method that works best for a particular business.

Profile

Eolian Farms Llamas and Shetlands is located “on top of a windblown hill” in Newcastle, Maine. Johnson Johnson, farmer and artisan, maintains a herd of llamas and Shetland sheep for their fiber. The fiber is sheared and washed at the farm and then the clean fiber is processed at local mills into wool yarn and roving (twisted wool that is ready for spinning). Eolian sells 100 percent llama yarn, 100 percent Shetland yarn, and a blend that combines the warmth and softness of llama fiber with the elasticity of Shetland wool.

Eolian Farms’ Web site has evolved over time from an informational site to one that offers several different modes of e-commerce. The Web site features Eolian’s fiber products, along with related farm and fiber products.

History

Jenni Johnson started the farm in 1998 when she purchased llamas as an outlet for her love of large animals and creating things from their wool. As a lifestyle entrepreneur, she discovered an unanticipated opportunity, or perhaps challenge, in finding an outlet for the fiber produced by these animals. There is a growing fiber industry in Maine, including other llama herds, and Johnson was able to develop her expertise by drawing on these resources. She added Shetland sheep to her herd and has been selling pure and blended fiber ever since.

Just as her herd has evolved over time, the business side of Eolian Farms has evolved as well. Initially, fiber and other product sales were associated with Johnson’s trips to state, local and regional fairs to show the animals. Over time, however, the opportunity presented by the Internet to reach more customers and to sell products without spending the time and money to attend fairs became appealing to her.

In addition to using the Internet to expand product sales, the business of Eolian Farms is also expanding to provide opportunities to educate both tourists and local residents about farm life. Johnson hosts an Open Farm Day where visitors can come to the farm, meet the animals, and learn about the farm experience. She also provides information on her site about upcoming local fairs, including the annual Maine Fiber Frolic event designed to celebrate “fiber, fiber animals, and fiber arts”.

As a lifestyle entrepreneur, Johnson must deal with the question of growing her business. She feels that there is a market for her products and that she could grow the business if she chose to do so. Right now, however, caring for her animals, producing fiber, and running the business at its current scale (in addition to running her bookkeeping business) takes all of the time she wants to devote to these pursuits. Should her business goals change, however, Johnson has developed the skills and the knowledge to expand her e-commerce capability to support her growing business.

Business Location

Newcastle, Maine lies between two rivers, the Sheepscot and the Damariscotta, in eastern Maine. Historically, the town relied on boat building and mills to sustain its economy. Located in nonmetropolitan Lincoln County (2000 population 33,616), Newcastle is located 52 miles from Portland, the state’s major metropolitan area.

Role of e-Commerce

Although Eolian Farms did not start as an Internet business, Johnson Johnson noted that the business would not be here without it. Over the last year, her participation in fairs, once the sole marketing outlet for the business, generated very little in sales. Now she

Year online: **1996**
 Area Population: **1,748**
 Web site:
www.eolianfarm.com

relies predominantly on the Internet for sales of her fiber, tools and soaps. These sales are sufficient to cover the costs of Web hosting. She noted that fiber sales pay for themselves, but not for the upkeep and care of the animals.

In 1996, Johnson started using computers for a bookkeeping business that she was running. With these rudimentary skills as a base, Johnson developed the more advanced skills needed to create her own Web site and to research various options for doing e-commerce. She took advantage of classes offered by Coastal Enterprises as well as the online seminars that provided an opportunity to share Web sites and receive feedback. In addition to helping her learn how to build her site, these classes provided an excellent opportunity to network with other business owners.

In terms of Web site development, Johnson began by working with the Web site template that was developed by her Web hosting company. However, she found the site too restrictive for her product line, which features different colors and blends of fiber, along with other products. Initially, she designed her site as an informational resource, sharing information about the animals, the farm and the fiber they produced. Over time, she decided to research ways to sell her products over the Web. Eolian Farms' experience with e-commerce began with PayPal. However, because the scale of production is relatively small, Johnson found that customers were purchasing products that were no longer available and, as a result, she was processing many refunds. She then tried creating an online order form for her products. Customers could complete the form and send it to her via e-mail. She would invoice the customer and then use a merchant account to process credit card payments. However, this method did not take full advantage of the efficiency of online ordering and payment.

The next avenue for selling online that Johnson pursued was eBay. She had used eBay auctions in the past, with some success, and so she decided to try eBay Store, a free resource.¹ eBay Store provides an online payment gateway, allowing her to drop her merchant account (saving the \$15/month charge). The eBay Store appears as a clickable icon on Eolian Farms' Web site and, once clicked, provides a list of only currently available products that can be purchased through eBay. This method also provides feedback ratings from past customers, a plus for an entrepreneur trying to build a reputation for high quality service. Johnson maintains a shopping cart on the site for purchases of egg-yolk soap that links to both PayPal and Google shopping carts. Johnson is constantly researching other methods of selling online, trying to find the most efficient way of getting her products to her customers. These other options include Google Merchant, a payment gateway that has no monthly fee but does

have a 2percent commission fee on sales, and E Junkie, a resource that provides a shopping cart for up to 10 items for \$5/month including buttons that deactivate when products are no longer available.

Challenges and Lessons for Rural Entrepreneurs

Johnson's experience as a lifestyle entrepreneur using the Internet to build her business offers lessons for other entrepreneurs:

- There is no substitute for doing the research needed to understand e-commerce and the options available for your business. Johnson's experience using a number of different methods for purchasing products online suggests that there exist multiple paths to building e-commerce capability. It is not necessary to add a shopping cart to a fledgling Web site; other tools are available to build your market and your customer base before you embark on the more expensive and difficult option of building your own shopping cart. In fact, using multiple methods of accepting payment may help increase sales by offering options to customers. For example, some customers shy away from using PayPal. For Eolian Farms, this reluctance presents less of a problem since the eBay Store provides an alternative way to purchase products.
- It is important to understand that Web sites can evolve over time. Johnson's advice to an entrepreneur considering Web site development is to "start with a little and just do it." Her path of beginning with an informational Web site and then developing the capacity over time to sell products online is one that other entrepreneurs, particularly small lifestyle entrepreneurs, might want to consider.
- Making a decision to market and sell products using e-commerce requires a thorough understanding of the true costs associated with the business's current marketing/sales strategy. For Eolian Farms, marketing products by going to fairs proved to be a costly (in terms of time and money) strategy as compared with the time and expense of developing the Web site and its e-commerce capabilities. For another entrepreneur, this calculation might appear very different. Understanding marketing costs is important to the decision making regarding both Web site and e-commerce development.

From e-Commerce as a Strategy for Improving Business Vitality: Lessons Learned from Small Businesses by Deborah M. Markley, David L. Barkley, and R. David Lamie

¹ Since this case study was completed, eBay Store began charging for its services and, as a result, Eolian Farm has stopped using the eBay Store.

See related case studies and learn more about e-commerce at <http://srdc.msstate.edu/ecommerce>.