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U.S. Farmers' Markets 2000: A Study of Emerging Trends

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There is currently a lack of information pertaining to farmers' markets and their operations on a national level. Many publications describe state- or local-level farmers' market demographics and operations. In addition, there is anecdotal evidence reported on farmers' markets at the local and regional levels.

The U.S. Department of Agriculture's (USDA) *National Directory of Farmers' Markets* and the *Farmers' Market Survey* reports associated with them are an interim product of a long-range project to collect, analyze, and report on data associated with farmers' markets nationally. These studies will help USDA develop a statistical repository of information that can help farmers' market organizers plan more efficiently for market development. In addition, the data developed will assist farmers' market managers and managing organizations in operating their markets more efficiently. Grower and customer interest in farmers' markets is increasing the need for more information.

The term *farmers' market* has been used to describe many different types of facilities. For the purposes of this report, a farmers' market is defined as a common facility or area where multiple farmers/growers gather on a regular recurring basis to sell a variety of fresh fruits, vegetables, and other farm products directly to customers. Farmers' markets are only one method of direct marketing. Other methods, such as roadside stands, pick-your-own operations, farm stands, and Community Supported Agriculture (CSA), also enable customers to purchase directly from the producers. These types of markets are not included in this study.

Direct-sales markets (markets where sales are made directly to the customer or final user) often provide the only access to customers that many small- and medium-size farm operations have. Small farmers have often been frozen out of traditional marketing avenues due to their inability to meet size, color, and uniformity standards. Both small- and medium-size farm operations use direct marketing to increase their cash flow and supplement their income.

As low-cost flexible sales outlets, farmers' markets play an important role in the marketing repertoire of small farmers. By marketing directly to the customer, farmers are able to eliminate middlemen and increase their profit. This has the additional effect of providing customers with high-quality fresh produce at a price comparable to that found in grocery stores.

The USDA publication *National Directory of Farmers' Markets 2000* lists 2,863 farmers' markets in the United States and territories. This represents only those markets that are listed as active by either the various state Departments of Agriculture or the local, state, or regional farmers' market associations. The 2,863 markets represent an increase of 18.8 percent from 1996 and seven percent from 1998. An exhaustive attempt was made to compile a complete list of farmers' markets operating in the United States; however, this list may not include some informal markets that do not meet on a regular, recurring basis.

Markets have different effects on the local economy. In 2000, Greenmarket operated 57 markets at 30 separate locations in New York City. One hundred sixty-two farmers served 250,000 customers per week during 2000. During 1998 (the most recent data available) customers at the various Greenmarket locations redeemed $150,000 in food stamps and $1,000,000 in farmers' market coupons (USDA's Special Supplemental Nutrition Program for Women, Infants, and Children funds that can only be used at farmers' markets). In contrast, this study found that 28 percent of markets have fewer than 10 farmers participating. These smaller markets served an average of 669 customers per week. USDA's Agricultural Marketing Service, Wholesale and Alternative Markets program first compiled a *National Directory of Farmers' Markets* in 1994. Since then the Directory has been updated every two years (1996, 1998, and 2000). To be included in the Directory a market must include multiple farmers and sell directly to the general public. Direct marketing, including both farmers' markets

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and other outlets, was reported by farmers as occurring on 93,140 farms, resulting in $550,947,000 in sales for 1997 (*1997 Census of Agriculture*). This compares to 86,432 farms reporting $404,056,000 in sales in 1987, an increase of 36-percent in sales but only a 7.8-percent increase in the number of farms direct marketing.

Farmers' markets play a vital role in enabling farmers to gain direct access to customers. Without this access the existence of many small- and medium-size growers would be threatened. The documented growth in farmers' markets over the last decade (from 1,755 markets to 2,863 markets, an increase of 63 percent) indicates that customers are benefiting as well. Farmers' markets provide customers with direct access to fresh fruits and vegetables as well as a variety of value-added products.

In September 1994, USDA surveyed the 1,755 identified farmers' markets in the United States. From that survey it was determined that 20,496 farmers use farmers' markets, and that 6,648 of these farmers use farmers' markets as their sole marketing outlet. In addition, the markets reported a total of 915,774 customers per week.

In August 2000, USDA studied the 2,863 identified farmers' markets in the United States. The information gathered in that study will be presented in a series of six reports based on subdivisions of the data. The subdivisions were decided upon through discussions with farmers' market managers and academic experts. Each report will cover one subdivision, with the final report incorporating all subdivisions. These reports will include:

- Producer-only markets
- Markets with a paid manager
- Number of farmers and customers
- Regional location
- Volume of sales
- All categories

Farmers' market managers were asked questions in several general areas. Questions were based on preliminary research conducted by USDA personnel as well as reviews by farmers' market managers and academic experts. The general areas included were the physical characteristics of the market, market administration and operations, market sales, farmers using the market, and customer demographics.

Questions were asked about:

- Size and growth in the physical presence of the market
- Period open and change in period open
- Market sales
- Retail percent of sales
- Market administration
- Paid employees
- Rules and regulations
- Participation in gleaning programs
- Farmers using the market and change from 1996
- Distance of farmers from the market
- Farmer sales by category
- Customers using the market and change from 1996
- Distance customers travel to use the market
- Racial and ethnic characteristics of customers using the market

Specific objectives of this research project were to study, measure, and compare to historic data (where available):

1. Sales by market and vendor and purchases by customer
2. Farmer demographics
3. Customer/consumer demographics
4. Market administration and operations
5. Physical characteristics of the market

From this study it was determined that 66,700 farmers serve 2,760,000 customers per week at farmers' markets. In addition, 19,000 farmers use farmers' markets as their sole marketing outlet. Farmers' markets reported retail sales of approximately $900 million. This represents 93 percent of total sales. Customers spent an average of $17.30 per week at farmers' markets.

Farmers' market operators were asked about their method of management. The methods were not mutually exclusive, allowing market operators to select more than one method of management. Most markets have a vendor or a vendor-operated board of directors (63 percent for all markets and 67 percent for producer-only markets) but smaller numbers were also operated by paid managers, government agencies, and non-profit groups.

Almost three-quarters of the markets studied were reported as "producer-only," meaning that the vendor must grow at least some of the product sold at the market. Just under a quarter of farmers' markets participated in food gleaning programs.

Most markets were self-sustaining (fees charged covered all expenses), but 18 percent of all markets studied were not. These markets were primarily supported by various government agencies (city, county, state, and Federal), business groups, nonprofit organizations, individual donations, and grants.

Markets had various restrictions based on the goals of the markets. Many required that vendors be producers. Other restrictions were based on health regulations (primarily for meat, poultry, and dairy products) while others were designed to support local agriculture (required goods to come from within a certain distance of the market).

Evidence showing a growth in farmers' markets is largely anecdotal. The research contained in this study provides evidence that farmers' markets are a growing marketing tool for farmers and that customers have the ability to benefit from direct contact with the producer of their food.

References

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