



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

An Empirical Evaluation of Gross Sales from Organic Production Grower Satisfaction: A Logistic Analysis

Ramu Govindasamy and Marc DeCongelio

Organic production has been practiced in the United States since the late 1940s. Since then, the organic industry has developed from small gardens to large farming operations. New Jersey, New York, and Pennsylvania have relatively more organic production than do other states because of the higher value of land in the area and its proximity to New York City and Philadelphia. Organic production reaps higher profits per acre than conventional produce does. The purpose of this study is to produce a profile of the typical organic farmer in these states, and to determine how satisfied they are with the current marketing channels that are open to them for marketing their organic produce. Specifically, the objectives are to determine producer characteristics such as: (1) the average acreage in organic production; (2) the variety of organic produce sold; (3) the different modes of advertising used in the sale of organic produce; and (4) the marketing channels used, such as wholesale, retail, and direct marketing.

The logit framework is used for the regressions in this analysis. As expected, the average organic farm size of the sample was extremely small when compared to the mean farm size of each of the participating states. Furthermore, less than 18 percent of the respondents indicate that they are not satisfied with the profit margin that they are able to generate from their organic production. Tomatoes were organically grown by

more growers than any other crop; however, producers reported the highest satisfaction with their returns from the three commodities grown by the fewest number of growers (apples, cattle, and milk).

Those organic producers who plan to extend their production in the next five years are likely to rent some of their land; to produce cattle but not milk; to grow herbs; to use integrated pest management (IPM); to provide forms of agritourism, such as hay rides and pick-your-own farms; to be younger farming operations; and to have had an increase in sales over the last five years. About two-thirds of the sample plans to increase production.

Those organic producers that have had increases in gross sales per year during the last five years are likely to have at least 70 percent of their land in organic production; to grow vegetables but not herbs; to use labels to identify their products as certified organic; and to be younger farming operations. Again, about two-thirds of the sample has had increases in gross sales over the last five years.

Those organic producers that are satisfied with their returns from organic production are more likely to be older farming operations; to have had an increase in sales over the last five years; to use labels to identify their products as certified organic; and to produce cattle. About two-fifths of the sample reported that they are satisfied with their returns from organic production.