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## **Market Potential for Local Organic Produce in the South Atlantic Sub-Region**

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### **Abstract**

The overall purpose of this study is to conduct exploratory research on the market potential for local organic sales outlets for small-to-medium scale farmers in the South Atlantic Sub-region of the U.S. The objectives are as follow: (1) identification of the leading organic produce in each state of the South Atlantic, (2) identification of supermarket chains offering the leading organic produce of the South Atlantic, (3) identification of the leading produce with the highest premium potential in the South Atlantic, and (4) identification of local organic supply chain linkages for the leading organic produce in the South Atlantic.

Initially, this study proposed to identify established supply chains of leading organic produce within the state of North Carolina. However, the state ranked only 16th in the U.S. in the number of certified/exempt farms, with only 171 farms receiving 100 percent of the total value of sales from organic production. With limited impact to North Carolina's economy or agribusiness industry, we expanded the study to include states within the entire South Atlantic sub-region of the U.S. – Florida, Georgia, South Carolina, North Carolina, Virginia, West Virginia, Maryland, and Delaware. We used the 2007 Census of Agriculture, 2008 Organic Production Survey and Perishables Group FreshFacts® data from August of 2009 to 2010, and the 2006 National Farmers Market Manager Survey to identify patterns. Conventional and certified production, retail sales, and organic retail premiums are identified and evaluated to gain more insight of established supply chains.

The data shows potential for small scale producers with \$5,000 or less by value of sales to market their goods as 'organic' due to exemption from the certification process at consumer direct sales outlets. However, small-to-medium farms (value of sales greater than \$5,000 but less than \$250,000) with USDA 'certification' labels may have greater opportunities to establish contracts with wholesalers as well as market their produce in multiple sales outlets. Directions for further research will include 1) evaluating market power of the contracting agent in the market for certified organic produce and 2) assessing the benefits and costs to producers and sales outlets for 'organic' produce.

**Keywords:** organics, local foods, and market potential