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## *Farmers' Markets in the Dominican Republic: Producers' Characteristics and Perspectives*

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### *Abstract*

In the United States, direct marketing of farm products through farmers' markets is an important sales outlet for farmers with small- to medium-sized operations. However, in the Dominican Republic, most farmers' markets are operated by intermediaries (middle men), which limits the effectiveness of the farmers' markets as a rural economic development tool. With technical and financial support from the United States, four markets operated by farmers were established in 1999. One of the markets has ceased operating which emphasizes the importance of studying market structure and the perceptions of farmers and consumers regarding these markets. This study uses survey data to analyze the socio-economic characteristics of farmers participating in these markets, their rationale for participating, level of sales, operating characteristics and problems experienced in participating in the markets.

The findings reveal that most of the farmers are small-scale producers (averaging 2 hectares) and that the farmers' markets account for a relatively large proportion of their sales. In fact, the majority of the farmers (82%) reported that they receive at least half of their total agricultural sales from farmers' markets. They also receive higher prices from direct sales to consumers at the farmers' markets versus sales to intermediaries. However, lack of credit for farmers is one problem that limits the effectiveness of the markets as a rural development strategy. The research identifies changes that are needed to ensure the sustainability of the markets, as well as, meet the needs of small farm operators.

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## INTRODUCTION

Farmers' markets<sup>2</sup> in the United States have made a resurgence. According to the United States Department of Agriculture's Agricultural Marketing Service, the number of farmers' markets increased 63% from 1994 to 2000. Data from the National Farmers Market Directory indicate that over 2,800 farmers' markets operated in 2000. The increased popularity is due to many factors including the benefits that accrue to farmers and consumers.

Research shows that farmers receive higher prices from farmers' markets compared to other outlets and that consumers contend that they obtain higher quality products from farmers' markets (e.g., Diaz-Knauf, et. al; Kezis, et. al; Govindasamy and Nayga). Farmers' markets can be used as a policy tool to increase producers' income. Indeed, some consumers patronize farmers' markets to support local farmers (Kezis, et. al; Eastwood, Brooker, Gray; Kuches, et. al). Farmers' markets can also provide a boost to the rural economy (Gale).

Farmers' markets in the Dominican Republic have been short lived. Abbott and Cueto report that over the past 20 years the Government of the Dominican Republic provided organizational assistance and transportation to farmers to facilitate the establishment of farmers' markets. However, after one or two years, intermediaries gained control of the markets and farmers no longer had access to them. In 1999, the United

States Department of Agriculture (USDA) provided funds for the establishment of farmers' markets. Given economic conditions in the Dominican Republic and the relatively large proportion of the population that lives on farms, it is important to examine the recently established farmers' markets.

## OBJECTIVES OF THE STUDY

The objectives of this study are twofold: to examine the characteristics, motivation and organization strategies of farmers selling at the farmers' markets in the Dominican Republic and to identify problems that farmers encounter in participating at the farmers' markets. The insights provided in this study will help identify the factors that contribute towards participation in the farmers' markets. The data from this study can also provide valuable information on how farmers' markets can be used more effectively as a direct marketing tool.

## DATA COLLECTION AND SAMPLE

A survey of Dominican Republic producers (farmers) who retail through farmers' markets was conducted between October 2001 and February 2002 to document key characteristics, organizational strategies, motivations of the farmers, as well as, the barriers they face participating in these markets. The survey was a 37-item questionnaire. It included questions intended to solicit demographic information such as age, education, gender, household income, and household size of the producers. A section of the survey also addressed farmers'

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<sup>2</sup>In this paper, the term farmers' markets refer to an independent, farmer initiated and managed marketplace.

motivations for selling at the farmers' markets.

Other items were designed to generate data concerning different aspects of the producers' farming operation, such as farm size, sales volume, and utilization of retail channels. In addition, data describing the farmers' use of the market was collected (e.g., products sold, frequency of participation, price determination, and fees paid).

The University of Illinois in cooperation with the USDA's Foreign Agricultural Service (FAS) developed the survey instrument. It was based in part on previous surveys and research conducted by Govindasamy et al. The survey was administered by a staff member of FAS in the Dominican Republic.

The survey was administered in person to producers at markets established with USDA Section 108 funds<sup>3</sup>. Three market locations met this criterion -- Mocha, Bani, and San Francisco de Macoris. The farmers' markets are fairly new. The market in San Francisco de Macoris opened in January 2000 followed by the market in Bani in December 2000. The inaugural date for the market in Mocha was April 2001. The markets have different operating schedules. The markets in San Francisco de Macoris and Bani are opened on Fridays and Saturdays whereas the market in Mocha is open only on Saturdays. Nearly a

third of the sample came from each of the market locations. The producers surveyed at each location represent nearly a fourth of the total number of farmers who sell products at the farmers' markets. A total of 29 producers were interviewed for the study.

#### DEMOGRAPHIC CHARACTERISTICS OF SURVEY RESPONDENTS

The age of the producers that retail through farmers' markets ranged from 29 to 63 years old. The majority of the producers was male and had completed some grade school education (Figure 1). Most producers (90%) reported not having a job other than farming. All of the producers' households consisted of at least 2 adults (i.e., 18 years and older). Approximately one-third (35%) of the respondents indicated that there were no children under 18 living with them. Ten percent reported 1 child in the household, 14% reported 2 children, 24% reported 4 children and 14% reported between 4 and 6 children living in the household.

Most of the producers participating at the farmers' markets are small-scale farmers. They farmed, on average, 33 tareas (approximately 2 hectares). Their farm size ranged from 2 to 250 tareas. Two-fifths of the farmers (41%) owned less than 17 tareas (1 hectare) (Figure 2).

#### SURVEY RESULTS

##### *Reasons to Retail Through Farmers' Markets*

When asked why they selected the farmers'

<sup>3</sup>The section 108 program provides assistance for activities that (1) are intended to result in the development, maintenance, and expansion of long-term export markets for U.S. agricultural products and (2) foster and encourage the development of private enterprise institutions and infrastructure in developing countries. In the Dominican Republic, the program uses foreign currencies acquired from USDA's food-aid programs (i.e., Title I, Public Law 480).

market as a retailing channel to market their produce, farmers indicated that economic as well as social considerations were motivating factors (Table 1). Nearly 90% of farmers rated developing skills in commercialization, visiting with customers and other vendors, and obtaining extra income as very important reasons for their participation in the farmers' market. Approximately three-quarters of the farmers also rated better prices, source of market information, and providing a job for a spouse or child as very important reasons for selling their products at the farmers' market.

#### *Producers Use of the Farmers' Markets*

Most producers surveyed (93%) attended the farmers' market every week. All farmers surveyed sold fruits and vegetables. Nearly 42% of producers sold other food items and household products such as herbs, homemade products (e.g., brooms, cakes, bread, and coffee), flowers, meat products, and rice. Approximately 52% of producers

surveyed grow other agricultural products (i.e., coffee beans and cacao) that are not sold at the farmers' market. Besides farmers' markets, most farmers (83%) reported that they did not use other retailing channels where they can sell their products directly to customers. Fees for participating in the farmers' market ranged between 10 and 25 pesos (US \$.67-\$1.68). Interestingly, farmers indicated that they were willing to pay higher fees to maintain the farmers' markets.

#### *Farm Products Sold*

Farmers were asked to identify 5 agricultural products that they sell the most at farmers' markets. Many agricultural products were listed, but those sited most frequently were oranges (41%), plantains (31%), green bananas (31%), avocados (28%), passion fruit (24%), and carrots (24%) (Figure 3). Approximately one-fifty of the farmers listed yucca, tomatoes and lemons.

Table 1. Reasons for Participating at the Farmers' Markets

Reason	Not Important	Somewhat Important	Important	Very Important
Enjoy visiting with customers and vendors	0%	0%	10.3%	89.7%
Extra income	0%	0%	10.3%	89.7%
Sources of income are limited	3.4%	6.9%	24.1%	65.6%
Easy way to sell	0%	6.9%	27.6%	65.6%
Better prices	0%	0%	13.8%	79.3%
Convenient location	0%	10.3%	27.6%	58.6%
Make job for spouse/child	0%	3.4%	20.7%	75.9%
Source of market information	0%	0%	27.6%	72.4%
Develop skills in commercialization of farming operation	0%	0%	6.9%	93.1%

### *Prices*

Producers at the farmers' market usually set their own prices for selling their food items and homemade products to consumers. Respondents indicated that they determined prices by setting them below the "central market" price, which is set by market conditions. Nearly two-thirds of farmers also reported selling their products to intermediaries. These farmers received a higher price for their goods at the farmers' market than from intermediaries; thus, documenting that farmers' markets serve as an income enhancement tool for small-scale farmers in the Dominican Republic.

### *Income from Farmers' Market*

Respondents were asked what percentage of total income was derived from sales at the farmers' markets. The findings indicate that the markets were an important income source for producers. As shown in Figure 4, over one-half (54%) of producers indicated that farmers' market sales accounted for more than 75% of their total income. Between 51% and 75% of total agricultural sales for 32% of respondents came from their farmers' market operation. The results show that the vast majority of the producers were either *satisfied* or *very satisfied* with their sales at the farmers' market (Figure 5). In contrast, only 3% indicated that they were somewhat satisfied with sales.

Total agricultural sales from all sources in 2000 varied widely for the respondents (Figure 6). Approximately one-third had sales less than RD\$30,000 (US\$1,875). Twenty-four percent of farmers had sales between

RD\$30,000 and RD\$49,999 (US\$1,875-\$3,124). Another one-third had sales in excess of RD\$69,999 (US\$4374). These findings confirm that the majority of farmers participating at the farmers' markets have relatively low agricultural sales.

### *Cooperative Efforts*

A majority of the farmers (93%) belonged to a farming association. Twelve farmers (41%) reported selling products at the farmers' markets for other members in their farming association. Eight of them (67%) did not receive any monetary compensation and four (33%) received a fixed proportion of the value sold. The proportion ranged from 5% to 20%.

### *Problems as a Farmers'*

#### *Market Participant*

Although farmers were satisfied with their sales at the farmers' market, they experienced some problems or barriers to participation. The problems tended to be related to transportation or the small size of the farming operation. Over 45% of the farmers reported that the lack of transportation affected their ability to participate in the farmers' markets. Approximately one-fourth of the farmers (28%) cited the high cost of transporting produce to the market as a barrier to participation. One-fifth (21%) indicated that their production was too small to participate at the market frequently. Other problems cited by farmers included lack of financial credit, inappropriate marketplace location, poor equipment at the farmers' market, (e.g. tables, chairs), bad road conditions, lack of time to sell at the farmers' market, and poor weather conditions. Farmers

cited the high cost associated with transportation as *the most critical* problem they faced and lack of transportation/poor road conditions as the *second most critical* problem.

Farmers were asked to provide suggestions for improving the farmers' markets.

Suggestions cited most often were finding a new location for the farmers' markets, building a bathroom and storage facility, providing government and/or private support, and financing credit to farmers.

#### *Distance Traveled to the Farmers' Market*

On average, each farmer traveled approximately 20 kilometers to the farmers' market. The range was 1 to 50 kilometers. The mean commuting time was 45 minutes whereas the range was 3 to 120 minutes. Most farmers either rented a truck or used their own transportation in getting their products to the farmers' market.

#### *Future of the Participants' Farming Operation as a Business*

Most of the farmers (79%) would like to expand the number of products that they offer to consumers at the farmers' markets. Producers anticipate receiving greater benefits, particularly higher income if they increased production. They envisioned a wider variety of products available for sale and a larger clientele if they had the resources to expand the scope of their farming operations.

#### **SUMMARY AND CONCLUDING REMARKS**

Findings from the farmers' markets survey reveal that economic and non-economic

factors influence producers' decisions to sell produce and homemade products at farmers' markets in the Dominican Republic. These findings are consistent with studies conducted on the motivating factors for US farmers who participate at farmers' markets. The results also reveal that farmers receive higher prices from farmers' markets than from selling to intermediaries. Thus, farmers' markets in the Dominican Republic have enhanced producers' incomes. However, producers need assistance to ensure the sustainability of the farmers' markets. Their most critical problems are access to transportation, lack of credit, and an insufficient quantity of produce to sell. Other concerns expressed by farmers are market infrastructure and location. It is important that these problems be addressed if the farmers' markets are to survive.

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Figure 1  
Educational Attainment of Farmers

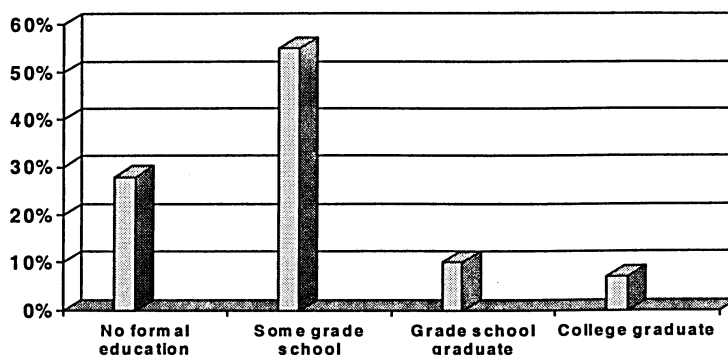


Figure 2  
Farm Size

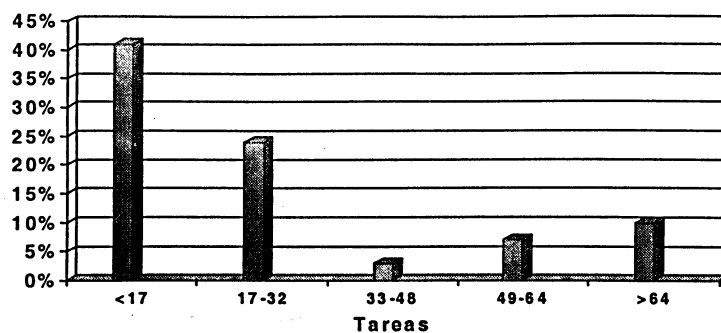




Figure 3  
Products Sold at Farmers' Markets

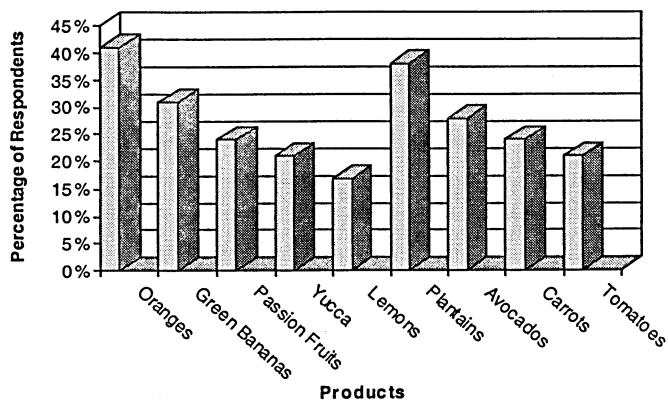


Figure 4  
Percentage of Gross Sales Received From  
Farmers' Markets

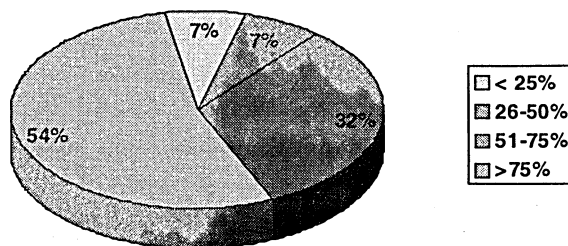


Figure 5  
Level of Satisfaction with Sales at Farmers' Markets

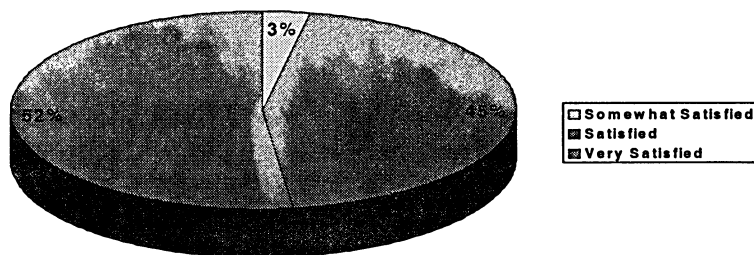


Figure 6  
Gross Agricultural Sales  
(From All Sources)

