Public Markets and the Development of the Fresh-produce Industry

David Eastwood, Charlie Hall, John Brooker, Edmund Estes, Timothy Woods, and Forest Stegelin

Four states (GA, KY, NC, and TN) collaborated in a USDA/IFAFS project to develop a description of public-sector involvement in produce-market development, describe the types of marketing firms operating within each state, and identify grower attitudes and perceptions of marketing opportunities. Managers in the four-state region of all the public produce markets for which there were permanent buildings and utilities on the sites were surveyed during 2001. Information was gathered about the operations of the markets with respect to types of activities, presence of advertising budgets, fees charged growers, number of employees, extent of public financial support, number of growers, and the number of shoppers at the markets.

Kentucky had no such markets in 2001, although there were seasonal tailgate community markets in the state. Six, five, and five farmers’ markets in Georgia, North Carolina, and Tennessee, respectively, were included. Wide disparities in the scale of operations were present within the Georgia and North Carolina markets. With the exception of one market in Tennessee that only focused on assembly/shipping, all the markets had retailing activity.

All of the public markets surveyed required public financial support. They spanned a range in terms of the scales of operation. None was completely self-supporting. However, the success of the markets with respect to fostering the development of the produce industry from the farm through the retail levels varied by state. The results of these interviews reveal the importance of the inherent simultaneity associated with market development and the synergy associated with having a variety of marketing activities occur at centralized locations.

Neither Kentucky nor Tennessee have public outlets for produce marketing other than retail. Hence there is little incentive for growers to provide adequate supply to attract stakeholders who are involved in other market channel activities, such as brokering, wholesaling, and repacking. Georgia and North Carolina have created facilities that permit many elements of the distribution channel to operate in close proximity at selected public farmers’ markets. The variety of marketing activities that occurs encourages production. Growers have alternative outlets available at centralized locations. Similarly, wholesalers, brokers, and repackers can operate on their own and have the retail markets as backups to fill unexpected orders. The breadth and scale of operations tends to be self-sustaining.

One characterization of the dichotomy between the successful versus less successful states in terms of produce market development seems to be that the primary focus in Georgia and North Carolina is on wholesale activity, with retail (farmers’ markets) added as a secondary element. Wholesale rental fees help to offset losses incurred by the retail markets. Another notable difference is that market managers and other employees in Georgia and North Carolina are state employees, whereas markets in Kentucky and Tennessee are not supported by the state.

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Eastwood, Hall, and Brooker are professors, University of Tennessee; Estes is a professor, North Carolina State University; Stegelin is an associate professor, University of Georgia; and Woods is an associate professor, University of Kentucky.