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FARMERS' MARKETS IN CENTRAL NORTH CAROLINA: *Who's Buying and Who's Selling?*

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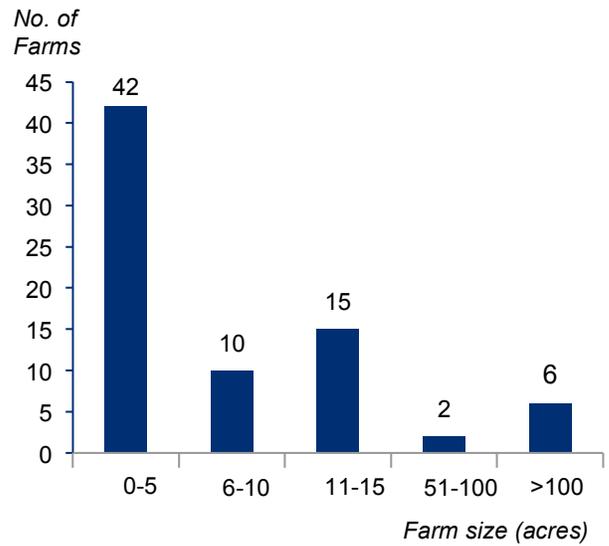
The past several years have seen a marked increase in the importance of farmers' markets as places for consumers to purchase locally-grown food products and as venues for farmers to sell fruits, vegetables, meat, and poultry. Nationally, the number of farmers' markets increased by over 16% in the last year alone, according to recent USDA figures. Among states, North Carolina currently ranks 10th in the nation with 217 farmers' markets in operation.

Some have argued that farmers' markets — and more generally, local food systems — represent a potentially important means of stimulating local economies by re-invigorating the local agricultural sector. Others contend that due to a variety of factors — increased nutritional awareness, food safety concerns, and interest in supporting local farmers, to name a few — the popularity of farmers' markets among consumers will continue to grow into the foreseeable future. Gauging the validity of these contentions requires knowledge of the motivation of participants in farmers' markets. This issue of the NC State Economist reports on-going research aimed at understanding why farmers in central North Carolina choose to sell produce at farmers' markets, and why shoppers choose to purchase produce at farmers' markets.

Who Sells at Farmers' Markets?

Between July and September of 2009 we conducted a survey of vendors at seven farmers' markets in and around the Research Triangle — Carrboro, Durham, Raleigh, Burlington, Western Wake (Apex), Hillsborough, and Cary. All of these farmers' markets require vendors' farms to be located within 75 miles. A total of 76 vendors were interviewed to learn

Figure 1. Farm Size of Farmers' Market Vendors Surveyed



about their farm characteristics as well as marketing and production choices that they made. Given the relatively close proximity of the various markets to one another, some farmers had a presence at two or more markets in a given week; such “multi-venue” vendors were only interviewed once.

Vendors tend to be small farmers. As shown in Figure 1, more than half of the vendors we interviewed farmed less than five acres. On the other end of the spectrum, 6 out of 76 vendors farmed over 100 acres; all of these were beef and pork producers. Vendors tended to hire few people to assist at farmers’ markets, with more than 80% employing two or less workers.

In terms of product mix, most vendors — more than 85% — sell vegetables, either exclusively or in combination with other products. Smaller numbers of farmers sell fruit and animal products. Vendors of animal products tend to be more likely to only sell animal products, whereas vendors who sold fruit also tended to sell vegetables. Interestingly, the vast majority of vendors (73 out of 76) indicated that they sell all of their produce locally; and of the few farmers that did sell to non-local customers, their non-local business in no case exceeded 10% of total sales. More than half of vendors interviewed indicated that they sell over 90% of their output at farmers’ markets, while an additional 20% indicated that they sell between 50% and 90% of their output at farmers’ markets. Taken as a whole, these findings suggest that farmers who participate in farmers’ markets overwhelmingly gear their production activities to the local market.

In sum, the vendor survey results suggest that sellers at farmers’ markets overwhelmingly tend to be small-scale, predominantly vegetable growers who employ relatively few individuals for the marketing of their produce, and who orient their production activities toward serving local customers. Note that this characterization of producers who participate in farmers’ markets accords with evidence that has been developed by researchers in other parts of

the country (Martinez, et al. 2010).

Who Buys at Farmers’ Markets?

Throughout the peak seasons of 2009 and 2010 we surveyed 329 shoppers at four of the busiest farmers’ markets in the Research Triangle — Carrboro, Durham, Raleigh, and Western Wake. Shoppers were intercepted at market entrances and asked a series of questions to elicit information on who buys produce at farmers’ markets and what their motivations are.

Table 1 presents selected results from the survey. Shoppers at the surveyed farmers’ markets were overwhelmingly Caucasian, mainly female, lived or worked relatively close to the venue at which they were shopping, and tended to visit the farmers’ market about once a week. A strikingly large fraction of all produce purchased by respondents — nearly 30% — was procured at farmers’ markets, an indication of a strong commitment to consumption of local foods.

In order to assess the factors that most influenced consumers’ decisions to shop at farmers’ markets, respondents were asked to rank on a scale of 1–5 the importance of a variety of attributes of the foods that they routinely purchase. The responses we received suggest that food quality characteristics — including freshness, flavor, nutritiousness, and food safety — are regarded as the most important attributes to shoppers at farmers’ markets. Also emerging as important to the farmers’ market shoppers we surveyed was that the food they purchased was produced locally. Interestingly, the survey results suggest that this latter characteristic was deemed somewhat more important, on average, than actually connecting with the grower of the product being purchased (“direct connection to food source”).

On the other side of the spectrum, price and brand loyalty appear to be somewhat less important to shoppers in terms of what drives their purchasing behavior. More than half of

those surveyed indicated that they regard prices to be higher at farmers’ markets than at retail outlets, whereas only about one in eight indicated that they regard prices at farmers’ markets to generally be lower than at retail outlets. This suggests that consumers at farmers’ markets are willing to pay a premium for foods that they acquire at those venues because of perceived higher quality (broadly defined) of locally grown food products — again, a finding that echoes research conducted in other parts of the country.

Table 1. Selected Information Gathered from Farmers’ Market Shoppers

Question	Average
Percentage of household food expenditure spent at FMs	29.8%
Distance in miles from home or work to purchase location	4.56
No. of trips to farmers’ markets per month	4.13
Percentage of Caucasian	95.1%
Percentage of Female	75.8 %
Importance of various food characteristics to food purchasing decisions (1 = least important, 5 = most important)	
Freshness	4.61
Flavor/taste	4.51
Nutritional quality	4.44
Locally produced	4.20
Food safety	4.04
Direct connection to food source	3.92
Organic	3.72
Price	3.4
Brand	2.36
Price comparison: Farmers’ market vs. retail outlets	
Generally higher prices at farmers’ market	53.9%
Generally lower at farmers’ market	12.5%
Prices about the same	33.6%

Also interesting is the fact that while the great majority of shoppers expressed an opinion that prices are higher at farmers’ markets, we observed that prices at nearby grocery stores are in many cases — particularly at peak harvest times — above those of comparable items at the farmers’ markets. (Note, however, that observed meat and egg prices were with very few exceptions substantially higher at farmers’ markets than at nearby retail outlets).

Implications

The proliferation of farmers’ markets in North Carolina (and nationwide) has drawn significant attention in recent years. On the basis of research that has been conducted around the country, it appears that this trend has been driven by growing consumer demand — and willingness to pay a premium — for the perceived superior quality of locally produced foods. Our survey results are right in line with this general assessment. Moreover, our research on participating farmers suggests that the increased demand for locally produced food is being met primarily by small farmers specializing in serving local farmers’ markets — a finding that is also in line with the findings of research conducted elsewhere.

Taken together, these observations imply that the growing importance of farmers’ markets is a demand-led phenomenon, one that is in many respects reminiscent of trends in food demand underpinning the dramatic increase in popularity of “high-end” food retailers like Whole Foods. However, it is important to bear in mind while the share of agricultural products sold directly from farmers to consumers has grown substantially in recent year, this share is still quite small — recent estimates put it at between 0.4 and 0.8 percent nationally (Martinez, et al. 2010). And in urbanized areas like the Research Triangle (where our surveys were conducted), the dominant role of specialized, small producers in meeting consumer demands for local foods appears to represent a significant factor limiting future increases in the share of total food consumption met by local

production. Finally, and in contrast, in sparsely populated rural areas where both farm sizes and output per farm are larger, it seems likely that the much smaller numbers of potential local consumers represents a more profound constraint on the ultimate market share of locally produced foods.

Reference

Martinez, S., et al. 2010. *Local Food Systems: Concepts, Impacts, and Issues*. Economic Research Report No. 97, U.S. Department of Agriculture, Economic Research Service, Washington, DC.