


6-10

The Growing Trend of Farmers' Markets in the United States

By:
Erica Phillips

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Edited by:

Per Pinstруп-Andersen (globalfoodsystem@cornell.edu) and Fuzhi Cheng
Cornell University

In collaboration with:

Søren E. Frandsen, FOI, University of Copenhagen

Arie Kuyvenhoven, Wageningen University

Joachim von Braun, International Food Policy Research Institute

Executive Summary

Farmers' markets have surged in popularity in the United States during the past 30 years. Since the U.S. Department of Agriculture (USDA) began collecting information on farmers' markets in 1994, the number of markets increased from 1,755 to more than 4,385 in 2006 (USDA AMS 2007b). It is estimated that more than 3 million consumers shop at these markets, and about 30,000 small farmers and food entrepreneurs earn a partial or full living selling their local products at farmers' markets (PPS 2006).

Farmers' markets are launched and operate owing to a multitude of factors and objectives. Some open in response to demand from the production side, as farmers seek direct-to-consumer outlets for their produce. Other markets open as a result of consumer interest in the perceived benefits of locally grown produce. Finally, some farmers' markets are initiated with the broader goals of supporting the local economy, promoting community food security, revitalizing public spaces or downtown areas, addressing public health and nutritional concerns, or improving disadvantaged populations' access to fresh produce.

Whatever the impetus for starting a farmers' market, all markets have potential strengths and weaknesses. Policy decisions made at the federal, state, and local levels influence the success of farmers' markets. The policy framework within which these markets operate can have powerful impacts on how markets operate, who has access to shopping or selling at farmers' markets, and how well markets are coordinated and connected with each other. Because farmers' markets are located in numerous and diverse locations, they often reflect the interests of the communities in which they operate.

This diversity of farmers' markets, however, has also contributed to a lack of centralized or large-scale evaluation of markets. This dearth of information is reflected in scattered studies and poorly evaluated market impacts. Analyzing the effects of market operations and policy issues surrounding farmers' markets, such as economic, environmental, social, and health issues, can help policy makers understand potential policy options for improving and possibly expanding market growth.

Your assignment is to propose the establishment of a local food market from the perspective of a consultant to a community and to identify the most important policy issues for starting and operating farmers' markets, taking into account the diverse goals of various stakeholders.

Background

Global food systems have shifted dramatically in the past 50 years. Changes extend across the entire food system, from production, processing, distribution, marketing, access, and consumption to waste management. Some by-products of this changing food system are centralization and control by fewer and fewer large corporations across the entire food chain and greater geographic distance between producer and consumer. Some analysts argue that the most profound changes have occurred in the agribusiness marketing of farm products and that the most important players in the global food system today are retailers, who are now powerful enough to force processors and manufacturers to compete for market access (Barrientos and Dolan 2006).

Markets are the mechanism that connects producers and consumers in the food system. Since retailers are the most obvious market interface between producers and consumers, they have the capacity and often the power to define industry norms and standards and to influence consumer behavior. As retailers drive market changes, producers and consumers shift their choices and actions as well. Part of the growth in direct market sales and farmers' markets in the past 30 years stems from reactions to changes in America's food systems, as some consumers and social groups blame the consolidation of power and streamlining of the food system for their displeasure with the food choices available in supermarkets or super stores. Others are seeking alternative means of selling or purchasing food, a means of communication, information and value exchange, an educational venue for improving nutrition in communities, an economic stimulus, and a way to revitalize downtown areas.

Why are farmers' markets so popular with producers and consumers alike? Growers' participation in farmers' markets depends on several factors, including a market's popularity, location, and management (Kremen et al. 2004). Previous studies show that consumers who patronize markets are seeking freshness, high-quality produce, fair pricing, pleasant social interactions, and locally grown foods (Lockeretz 1987; Brown 2002). Vendors at markets often provide heirloom and specialty varieties and handcrafted products, which are difficult to mass produce and are rarely found at other markets (Lyson et al. 1995). Customer participation is often determined by the location of the market, since most customers tend to shop where they live (Brown 2002).

Direct Marketing and the Locally Grown Movement

Direct marketing is a technique that cuts out an intermediate party to sell a product. Farmers' markets, roadside farm stands, and CSAs (community-supported agriculture programs) are examples of direct marketing schemes. Although some farmers find direct marketing a powerful tool, it is best suited for certain commodities, such as greenhouse crops, ornamentals, fruits, and vegetables, and thus it cannot be used by all producers. Because of added processing and health safety concerns, it is more difficult for dairy, grain, meat, and poultry producers to market their products directly to consumers.

The geographic component of the food people consume—that is, where food is grown and how far it must travel to reach one's kitchen—is rapidly gaining attention. In 2006, 36 cities and towns initiated "buy local" campaigns, promoting support for local farmers and independent businesses (MacDonald 2006). Buying "local food" can include purchasing goods marketed directly to the consumer from farmers' markets or farm stands and patronizing restaurants, institutions, and retailers that buy and re-sell locally produced food.

The History of Farmers' Markets

Farmers' markets have been in existence for centuries in North America. The first markets were the main way that urban residents could obtain fresh meat, dairy products, produce, and poultry. In the 1950s and 1960s urbanization and technological improvements like high-speed transporta-

tion, refrigeration, and irrigation infrastructure in the western United States led to increased food wholesaling (Brown 2001). These technological improvements, along with on-farm technological changes such as widespread use of chemical fertilizers and pesticides after World War II, increased economies of scale. Many small producers were forced out of the wholesaler-dominated marketplace as prices dropped and they could not meet wholesalers' volume demands.

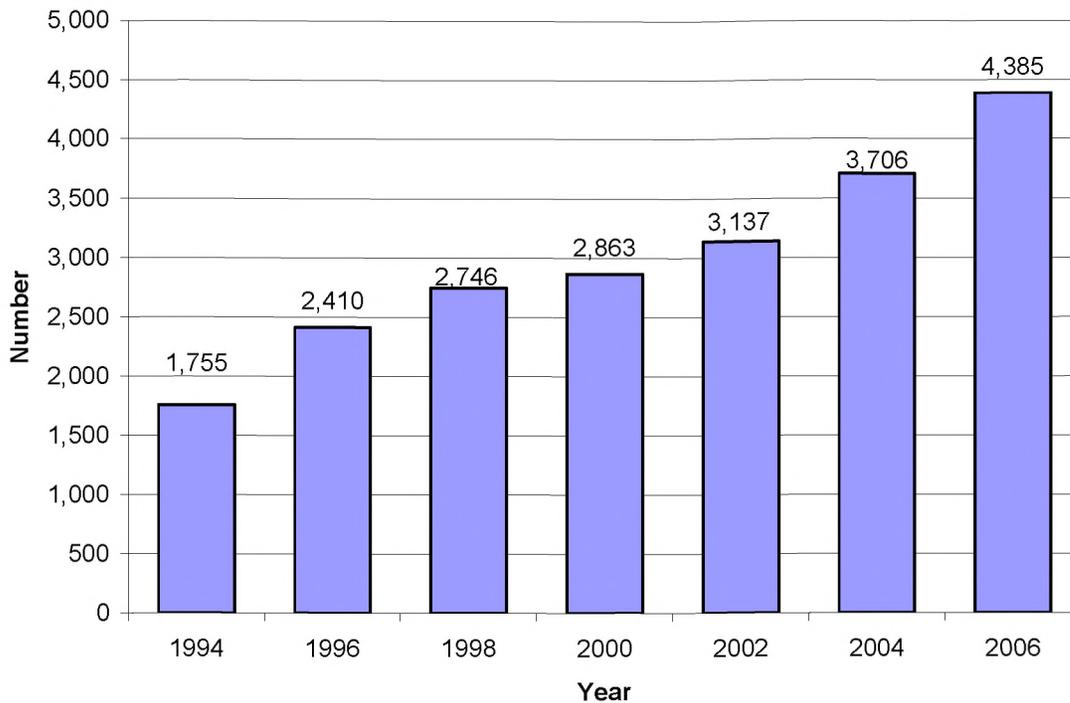
In 1976 the U.S. Congress passed Public Law 94-463 (PL 94-463), the Farmer to Consumer Direct Marketing Act. This law legitimized direct consumer marketing by farmers by allowing government extension agents to work with farmers, local activists, and government officials to organize farmers' markets (Brown 2001). The years following the passage of this law saw the most rapid growth of farmers' markets in history. Throughout the 1990s and into the 21st century, the number of farmers' markets has continued to rise. In 1994, when the USDA began publishing the National Directory of Farmers Markets, there were 1,755 farmers' markets in the United States. By 2006 that number had jumped to 4,385¹ (USDA AMS 2007b).

As the number of markets continues to increase across the country, so do the number of federal, state, and local government agencies that support and promote this growth. At the federal level, the USDA has multiple programs that work to promote direct marketing efforts, including farmers' markets. The USDA's Agricultural Marketing Service (AMS) has formed the Farmers' Market Consortium and a Farmers' Market Promotion Program. The Farmers Market Consortium² is a public-private sector partnership that works to connect and train market growers, provides resources to market managers on what other

¹ The USDA defines a farmers' market as a market that meets three criteria: (1) it has two or more vendors, (2) 50 percent of produce is sold to consumers, and (3) annual gross market sales exceed US\$1,000 (personal communication with the USDA Agricultural Marketing Service).

² The consortium consists of several USDA agencies, the U.S. Department of Health and Human Services, the Ford Foundation, the Kellogg Foundation, the Project for Public Spaces, and several farmers' market nonprofit groups.

Figure 1: Number of Farmers' Markets in the United States, 1994–2006



Source: USDA AMS 2007b.

markets are doing, educates consumers about markets, and updates federal policy makers on the needs of farmers' markets with data collected from surveys and other sources (PPS 2006; USDA AMS 2007a).

States are charged with administering and in some cases providing matching funds for certain federal nutrition programs such as the Women, Infants, and Children Farmers' Market Nutrition Program, the Senior Farmers' Market Nutrition Program, and the Food Stamp Program. Additionally, state-level policies can affect food safety and manufacturing rules, as well as coordination and promotion of agricultural products and direct marketing (Hamilton 2005). Because many markets are a "local" activity, it follows that many of the policy options and decisions are developed and coordinated at the local level. Local policy issues usually include logistical, operational, licensing, funding, and health and food safety concerns.

Different Kinds of Markets

Farmers' markets are defined as fixed locations where several farmers gather to sell their own products at recurring times. Farmers' markets often include local food vendors and craftspeople as well as different types of agricultural products, such as fruits, vegetables, dairy products, eggs, meat, fiber, and honey. Markets can be classified by different factors, such as their location or structure (open air markets, market halls, and market districts) or defined by what is sold at the market, such as "grower only," "green," or "organic." Some markets allow vendors to sell only what they have produced or raised on their farm, and others allow for buying and re-selling or processing of products.

Farmers' markets in the United States have grown concurrently with organic production. Although marketing channels for organic products have increased in the past decade, farmers' markets are

generally an accessible, low-cost, and flexible sales outlet for many organic producers. Studies show that organic growers tend to use direct marketing outlets more than other farmers (Walz 1999 in Kremen et al. 2004). A 2002 USDA study of 210 farmers' markets across the country showed that organic growers participated in more than four-fifths of the selected markets and represented one-third of farmers who regularly participate in farmer's markets (Kremen et al. 2004). In 2002 the USDA implemented new organic regulatory standards that require farmers to adhere to strict rules for the methods, practices, and substances used in producing and handling crops. Although the federal government now sets standards for organic products, there are currently no standards for what is considered "locally produced." Locally produced can refer to a product grown in the same state or county or simply one grown by a producer who is closer to a consumer than another producer.

Three Farmers' Markets

To better explain the diverse reasons that farmers' markets open and operate, this section briefly describes three markets: the Ithaca Farmers' Market, the Oakland Medical Center Farmers' Market, and the Saturday Stockton Certified Farmers' Market, each with varying demographics and motivations for their opening. Consideration of the experiences of these markets, combined with the subsequent section on policy issues, will help explain the objectives of farmers' markets, the effects of policy on their operation, and the policy options for achieving the goals of various stakeholders.

The Ithaca Farmers' Market. The Ithaca Farmers' Market (IFM) is a 33-year-old cooperative comprising 165 vendors, all of whom live within a 30-mile radius of Ithaca, New York (IFM 2007). The market, which began in 1973 in the parking lot of a local hardware store, was started by local growers and craftspeople seeking an outlet for their goods. It has moved five times, going from a parking lot to an empty downtown lot to an old airport hangar, until relocating to Steamboat Landing, just off Cayuga Lake. The market is currently open four days a week, but the Saturday market, which is open from April through December, is the largest of these.

The market has become a popular weekend destination for community members and tourists. It has

also become a center for entertainment, performances, recreation, and seasonal activities. This is an example of a market that attracts a large segment of the local community, some of whom come to support the farmers and the produce and some of whom are attracted by the entertainment value and community-building aspect of the market. According to its website, during the summer the Ithaca Farmer's Market often attracts more than 5,000 people a day. In 1999 total market sales neared US\$4 million. Vendors typically consist of 50 percent agricultural vendors, 30 percent craft vendors, and 20 percent food vendors (personal communication with IFM manager). More than 90 percent of the farmers who participate in the IFM are small-scale farmers.

The demographic makeup of the locale partially explains the market's popularity. A number of surveys in Canada and the United States show that farmers' market patrons are often middle-aged, middle-income or above, and well-educated women (Cummings et al. 1999; Govindasamy et al. 1998). IFM is located in the city of Ithaca, which has a population of 30,343 and is home to two major universities, Cornell University and Ithaca College. According to the 2000 U.S. Census, 60 percent of the local population has a bachelor's degree or higher, compared with 25 percent for the general U.S. population. The median family income in the city of Ithaca is US\$57,125, compared with \$50,046 for the country (U.S. Census Bureau 2000, 2007). Although the market accepts food stamps through the Electronic Benefits Transfer Program, during the 2006 season only US\$268 worth of food stamps were spent at the market through early December (personal communication with IFM manager).

Oakland Medical Center Farmers' Market. In contrast to the 33-year-old Ithaca market, the Oakland Medical Center Farmers' Market, held at the Kaiser Permanente Medical Center in Oakland, California, started in 2003. It is one of the first hospital-based farmers' markets and emphasizes fresh and organic produce. This market contains eight farm stands and a health education table and is part of a program that promotes healthy diets and weight management for hospital staff (Maring 2004). The goal of this market is the eventual transfer and implementation of health and nutrition messages from the staff to the patients.

Although the idea of the hospital-based market was conceived by one of the doctors who worked in the hospital, the benefits of the market extend from the staff to patients, community members, and local farmers. In Northern California, there is a two- to three-year waiting list for farmers to secure a spot at some markets (Maring 2004). This market, like eight others located on Kaiser Permanente facilities, provides outlets for farmers to sell their produce and for nutritional education and access to produce for hospital employees and community members. Unlike New York State, California has a year-round growing season so this market allows staff members to shop while they work, reducing the amount of time that they would have to spend shopping and traveling to a grocery store.

Stockton Certified Farmers' Market. Even though California has many more large-scale farms than does the Northeast United States, farmers' markets provide an essential outlet for small scale "non-traditional" producers (Feenstra et al. 2003). The Saturday Stockton Certified Farmers' Market, located in California's Central Valley, is largely driven by the racial demographics of the area. According to the 1990 U.S. Census, the market is located in an area that is 34 percent Asian, mostly of Southeast Asian descent. Local demographics influence the mix of vendors at the market. During the early 1980s the market evolved to meet Southeast Asian consumer tastes and demands. Although the market's initial vendor mix was predominantly Caucasian, in 2001 it was composed of 90 percent Southeast Asian vendors, many of whom were recent immigrants to the United States (Lewis 2001). The makeup of the population influences not only what is sold at the market, but also who sells what at the market. Lao and Hmong peoples from landlocked areas in Southeast Asia generally sell vegetables, whereas Vietnamese immigrants from coastal areas tend to sell fish (Lewis 2001).

Incomes in the neighborhood surrounding the market are well below those of the rest of the county, explaining a large volume of food stamp and Farmers' Market Nutrition Program coupon sales (Lewis 2001). In the mid-1990s food stamp sales reached a high of about US\$1 million a year at the market. Subsequent changes in the Welfare Reform Act of 1996 cut this number in half, but it still highlights the importance of the market to lower-income families who are able to buy fresh

produce with government assistance. It also highlights the importance of these programs for the vendors, who could not survive without the large quantity of food stamps they receive each year. The market has provided employment for many first-generation immigrants, as many second-generation immigrants leave the farm for other careers (Lewis 2001). The market's "exotic" produce, strong immigrant affiliation, and size make it an important piece of the local economy and food system.

Policy Issues

Economic Issues

It is often argued that buying locally produced food supports local business and communities by re-circulating local dollars. In Tompkins County, New York, where Ithaca is located, it is estimated that if everyone spent 10 percent of their food dollars locally, the county would generate US\$32 million in "local food dollars"³ (CCE n.d.). Farmers' markets are often credited with having economic multiplier effects. Some markets have been shown to increase the number of jobs in and around the market, act as incubators for new businesses, strengthen and diversify regional agriculture, and increase farm profitability (Lyson et al. 1995). The economic impact of farmers' markets can be beneficial to a community, because market customers purchase not only from market vendors, but, depending on the setup of the market, from neighboring shops and stores as well. A study by Lev and Stephenson (1998) found that 63 percent and 38 percent of patrons at two farmers' markets in Oregon planned to do other errands in the area that day. They estimated that market visitors spent more than US\$11,000 in each of the two communities on market days in addition to what they spent at the market.

A 2003 study by the USDA's Economic Research Service showed that small-scale businesses constituted 91 percent of all farms and ranches in the United States. They own 70 percent of total farm and ranch land and produce 27 percent of U.S. food and fiber (as cited in USDA CSREES 2006). For small-scale growers, farmers' markets present a way for farmers to earn higher net incomes per

³ "Local food dollars" simply refers to money spent on food in a community.

acre and premium prices without having high capital costs or the prohibitive investment of a storefront operation (Gale 1997). Farmers' markets can be a way for producers to avoid selling produce to wholesalers, who might not offer premium prices and who have stringent volume and product requirements that can be difficult for small growers to meet. It is estimated that producers realize a 40–80 percent increase in returns on their products by marketing through farmers' markets compared with traditional brokers (Sanderson et al. 2005).

These figures do not include, however, the extra time and labor costs involved in packing, transporting, and selling the products at a farmers' market. A 1995 study shows that the majority of vendors (60 percent) who participated in farmers' markets reported a "modest" return, compared with 7 percent of vendors who reported a significant return (Hilchey et al. 1995).

Farmers' markets may also offer a business incubation function, allowing people to start a new business or alter an existing business without high start-up costs. A 1995 survey found that 86 percent of the vendors in nine markets across New York State did not have a business before they started selling at a farmers' market or they had a small operation at their residence (Hilchey et al. 1995). It is important to recognize, however, that there is often no measure or record of the drop-out rate of businesses participating in farmers' markets.

Trade advocates, who argue in favor of trade over local purchasing, consider another side of the economics of farmers' markets and "buy local" campaigns. Modern international trade theory is driven by the concept of comparative advantage, which says that each region should specialize in producing only what it can produce most cheaply and that all other products should be traded. This theory is often used to support trade liberalization, because many developing countries can produce goods more cheaply than can the developed countries owing to comparative advantages in labor and possibly climate. Critics point out, however, that comparative advantage does not take into account the environmental costs of trade, such as global climate change, or ethical questions of trade (like social justice or gender inequalities). But trade advocates argue that purchasing only locally

produced products can undermine efficiency as well as poverty reduction efforts. They contend that promoting locally produced products "can breed an unhealthy provincialism," isolating and fragmenting communities in a globalizing world (John Clark as quoted in MacDonald 2006). Given that the share of agricultural products sold directly to U.S. consumers is less than 2 percent of total sales, this practice does not currently appear to have a strong influence on trade, but if consumers in developed countries continue to depend on local products, it could potentially limit trade possibilities for certain developing-country farmers.

A final economic consideration concerning farmers' markets is the time and energy required for consumers to shop at the market. Modern supermarkets are set up for one-stop shopping. A study conducted at three Tennessee farmers' markets found that more than half of the customers made a special trip to shop at the farmers' market rather than including it in a routine shopping trip (Brooker et al. 1993). Even the largest farmers' markets in the country do not supply all of the goods that customers seek. Traveling to a farmers' market can therefore be an extra stop in busy people's schedules.

Community Development Issues

Community goals of farmers' markets often include supporting farming communities, creating jobs or promoting entrepreneurship, revitalizing neighborhoods, improving health and nutrition, and creating an active public space. Farmers' markets are seen as a way to connect (or reconnect) farmers and consumers and to educate consumers about agricultural and health issues. Markets are able to meet the needs and desires of the population they sell to, reflecting the local identity. Many studies have revealed that the most important reasons why both farmers and consumers frequent farmers' markets are socially related, such as community building and bringing diverse groups of people together (Gale 1997; PPS 2006).

Farmers' markets have gained popularity at a time when the number of small farms in the country is declining. In the last agricultural census conducted in 2002, New York State had 37,255 farms, and that number has steadily decreased since 1960 (USDA NASS 2006). With farmland, and subsequently farmers, decreasing, it is unlikely that rural communities can survive unless they can be more

profitable. In a 1999 study of three states in the United States, it was found that 56 percent of the enterprises in farmers' markets are small-scale enterprises and that 86 percent of these vendors ranked farmers' markets as their most important opportunity for business development, showing the importance of markets to these select groups (Feenstra et al. 2003).

Nutrition and Food Safety Issues

Many farmers, community groups, and consumers claim that a diet that consists of local food is better than one that does not. Yet the restricted availability of certain foods due to seasonality, climate, or weather events poses a substantial challenge to consuming only locally grown foods in many regions. Eating a diet of strictly locally produced food is difficult if not impossible in an area like Ithaca, New York, where the outdoor growing season lasts about six months. Some staple foods in this climate are available at farmers' markets for only a few weeks of the year. Certain foods can be stored or preserved, but it could still be difficult to meet nutritional needs by consuming only local foods year round. Not only are there questions of nutritional adequacy, but there are questions about current production levels as well. Two studies conducted in New York State showed that in-state production of fruits and vegetables did not meet current consumption needs (Peters et al. 2002, 2003). Fruit production met only 18 percent of the state's consumption needs, and vegetable production "has the capacity to provide 38 percent" of consumption needs, showing that supply is currently inadequate for the population (Peters et al. 2002, 50; 2003).

Including local foods in a diet, however, does have advantages. Although most market proponents claim that local food is nutritionally better than nonlocal food, few studies have looked at this claim. Advocates assert that because most produce takes 4–7 days to reach supermarket shelves, there is a biophysical decrease in food quality, as sugars can turn to starches, plant cells shrink, and produce loses its vitality (CCE n.d.). On the other hand, most produce sold at farmers' markets is sold within 24–48 hours and thus retains many of its nutrients.

In September 2006 there was an *E. coli* breakout in 26 states across the United States. Nearly 200 Americans were sickened by eating packaged

spinach (FDA 2006). This outbreak highlights some of the complexities and fragilities in the U.S. food system. Seventy-five percent of precut salads bought in the United States are processed by two plants (Pollan 2006). This spinach was washed and packed by a company in California that processes 26 million servings of salad weekly. The Food and Drug Administration (FDA) launched an investigation, which took more than a month to identify where and how the contamination occurred. With heavy consolidation in processing, large-scale contamination is easier, making traceability a long and complex procedure. Customers who seek immediate traceability of the food they consume can turn to farmers' markets, where they can ask producers where and how the food was grown, when it was harvested, and how it was processed.

Environmental Issues

Some consumers have concerns about food being transported over great distances, being overly packaged, and requiring heavy use of fossil fuels. The concept of "food miles" quantifies the distance that food travels from the point of production to the point of consumption (Pirog 2003). In a study of produce sales to Iowa institutions performed by the University of Iowa, researchers found that for certain types of produce, the distance traveled was as high as 1,494 miles. Comparing produce that was available locally to produce purchased from a "conventional"⁴ source, they discovered that products from conventional sources traveled on average 27 times farther, but ranged from 8 to 92 times farther (Pirog 2003).

Ninety percent of the energy used in the world food system is consumed in transportation, packaging, and marketing (CCE n.d.). According to the Northeast Sustainable Agriculture Working Group, the U.S. agricultural sector is the largest user of freight transportation services among U.S. economic sectors (NESAWG 2002). In the United Kingdom agricultural goods and food products account for 28 percent of goods transported on U.K. roads (Pretty et al. 2005). Although large-scale production systems are touted as having higher yields, environmental consequences can be high. Pretty et al. conclude that consumer choices, such as whether to purchase organic or conventional produce or locally produced goods, "can

⁴ "Conventional" in this case refers to where produce is normally sourced from, not how it is produced.

have an important effect on farm systems and the environment" (2005, 16).

Some trade groups question the positive impact of local purchasing on the environment. They argue that the best way to minimize agriculture-related emissions is to buy food from the region where it grows best. They assert that efficiency is the best tool for conservation and that if farmers can grow efficiently on less land, they can leave more land undisturbed. Since today's supermarkets have highly efficient shipping systems, the amount of fuel used to transport each unit of food is "miniscule" compared with the resources required to grow something that can be grown more efficiently elsewhere (Avery quoted in MacDonald 2006, 2). Although consumers seek locally grown foods, there is no guarantee that all foods grown or raised locally were produced in an environmentally responsible way.

Stakeholders

Farmers

Although many types of farmers participate in farmers' markets, some of the biggest benefits appear to accrue to small, part-time, minority, and immigrant farmers. Nineteen thousand farmers reported selling their products only at farmers' markets, and about 30,000 small farmers and food entrepreneurs earn a partial or full living selling their local products at farmers' markets (PPS 2006). Small-scale farmers are the largest group of growers at farmers' markets, because larger farmers find the economics of farmers' markets unfavorable (Feenstra et al. 2003; Gale 1997). Farms located near major urban areas are more likely to direct market their produce, including at farmers' markets. "On average, farmers' markets contribute 40–50 percent of gross farm sales, which is significant for both full and part-time operators" (Roth 1999, 3). In 2002 direct marketing of agricultural products in the United States accounted for US\$812.2 million in sales (USDA AMS 2007d).

In a study of nine farmers' markets in New York State, researchers found that 16 percent of the part-time growers and 21 percent of the full-time growers were women (Lyson et al. 1995). In 2002 women operators made up 11.2 percent of principal farm operators, revealing that a disproportionately

high number of vendors in farmers' markets are women (Allen and Harris 2005).

Consumers

The USDA estimates that in 2000 consumers spent US\$888 million in urban, suburban, and rural farmers' markets (Becker 2006). The number one reason by far that consumers shop at markets is the freshness of the produce. Other consumer priorities include the quality and variety of the produce, questions of food safety, a growing interest in eating locally and seasonally, and a desire to support local farms (Govindasamy et al. 1998). Gale (1997) found in a survey that in general consumers at farmers' markets were interested in understanding how food is produced and processed and that customers prefer to purchase food that has some assurance of quality, freshness, and safety.

Farmers' markets are often criticized for being elitist or inaccessible to certain populations. The Food and Nutrition Service of the USDA oversees all federal nutritional programs, including Women, Infants, and Children (WIC), Seniors Program, and Food Stamps, each of which allow participants to buy fresh produce at farmers' markets. In 2000, 58 percent of farmers' markets participated in WIC coupon, food stamps, local, and/or state nutrition programs.

In farmers' markets across the country, vendors accept WIC coupons that allow groups considered "at nutritional risk" to purchase fresh produce. This program, called the Farmers' Market Nutrition Program (FMNP), was established in 1992 with the goal of providing fresh, nutritious, and locally grown fruits and vegetables to WIC participants, as well as to expand the awareness of, use of, and sales at farmers' markets. During fiscal year 2004, more than 2.5 million WIC participants received benefits (USDA AMS 2007c). Additionally, between 2005 and 2006 it is estimated that more than 750,000 low-income seniors in 46 states benefited from the Senior Farmers' Market Nutrition Program. Food stamps are also accepted at certain farmers' markets through the Electronic Benefits Transfer Program. Because food stamps are almost exclusively transferred electronically, certain farmers' markets lack the technology or electrical hook-ups to accept these transfers.

Developing-Country Farmers

Proponents of trade argue that trade is essential for economic development and poverty reduction, claiming that without trade, poor people in developing countries may never be able to escape poverty. Although trade can help lift certain communities out of poverty, policy makers can also work to assist developing-country farmers to seek the most profitable and responsible markets for their goods. In some contexts that might be for export, but in other contexts, a positive solution might be supporting local markets, possibly similar to farmers' markets in the United States. In the 1990s total food imports were about 15 percent of total food production in developing countries (Diaz-Bonilla and Thomas 2001). This finding shows that local production systems are still critical to developing-country populations, so creating policies to support these systems is still relevant and necessary.

Supermarkets

"The modern supermarket model is an accelerator of structural change towards vertical coordination of agri-food chains" (Fox and Vorley 2006, 163). Supermarkets are wielding much greater market shares in many developing countries, especially in East Asia, Southern Africa, and Latin America. From 1992 to 2002, supermarkets increased their retail share by 30 percent in East Asia (excluding China) and 45 percent in Southern Africa (Schwind 2005; Reardon and Berdegue 2002). Large retail supermarkets are heavily consolidated; they operate by centralizing procurement for multiple stores in distribution centers. These distribution centers buy in bulk and look for standardized, uniform produce to streamline their marketing activities. Larger-scale farms, growing produce in a few monocultures, are better able to meet this requirement than are small-scale or diversified farmers. Supermarkets might appeal to some consumers owing to their marketing strategies, high-quality produce, high standard of food safety, consistency, traceability of products, and liability to the consumer (Fox and Vorley 2006).

In an effort to meet consumer demand in their stores, the U.S.-based specialty market Whole Foods has initiated a program to sell local produce in their stores, as well as to promote farmers' markets located in their parking lots. This strategy could attract many new customers to their stores,

because the AMS estimates that farmers' markets attract customers from about a 10-mile radius, whereas supermarkets attract customers from about a 2- to 3-mile radius.

Policy Options

Policy options for farmers' markets seek to achieve two main goals. The first is to improve the functioning of markets, which is regulated mostly at the local level. The second is to assure that markets realize as many objectives and benefits as possible in the communities in which they operate. This goal can be influenced by national, state, and local policies.

Performing Outreach

Educating consumers on why and how to buy locally grown and raised products at farmers' markets is critical for newly established and ongoing markets. This outreach can be performed by community groups, farmer associations, supermarkets, universities, social service organizations, or other groups. In New York State, Cornell Cooperative Extension (CCE) performs a large amount of community outreach focusing on farm and agribusiness opportunities and management for farmers and on environmental and nutritional education for community members. Its outreach activities include developing educational and promotional market materials for consumers and sponsoring "buy local" weeks. To achieve its goals, CCE, like other organizations across the country, is piloting programs that promote farm-to-institution connections (supplying, for instance, schools and hospitals) and make community-supported agriculture (CSA) shares available to low-income populations.

Forging Links between Different Groups

As highlighted by the Oakland Medical Center Farmers' Market, creative links are being established across the country between farmers, consumers, and the private and public sector. Further partnerships can take place between cooperative extension services, agriculture and farmland protection boards, chambers of commerce, planning departments, economic development agencies, and consumer groups (Hilchey et al. 1995). With more partnerships, additional organizations and communities might have the resources to open or operate more markets.

Complications can arise from unrealistic or improper preparation of markets. For example, cases have arisen where community groups have initiated and opened markets, but too few farmers are able or willing to participate in them.

Assisting Small-Scale, Minority, and Immigrant Farmers

Since small-scale, minority, and immigrant farmers participate disproportionately in farmers' markets, assuring their viability is essential for the operation of farmers' markets. In some areas loan programs need to be established for farmers or entrepreneurs entering markets to help them start or stay in business. Farmers often face high start-up costs and high costs at the beginning of a growing season, before they have started to make significant sales. Small loan programs can help farmers gain access to capital when they need it.

Improving Access to Farmers' Markets

Making farmers' markets accessible to larger parts of the population will require developing infrastructure that will allow market vendors to accept food stamps through the Electronic Benefits Transfer Program. For all Food and Nutrition Service programs, a vendor must apply to become a certified vendor through his or her state program, which can lead to bureaucratic hassles. During fiscal year 2005, 14,323 farmers, 2,715 farmers' markets, and 1,999 roadside stands were authorized to accept FMNP coupons, an increase from 2004 (USDA FNS 2006). That still means, however that there were more than 1,000 markets (or almost one-third of total markets) that did not accept FMNP coupons. In some areas, therefore, low-income mothers or seniors might not have access to local produce sold at farmers' markets. The federal government fully or partially funds these programs, but the state decides which agency will coordinate these programs, how best to implement them, and whether to provide matching funds.

Integrating Farmers' Markets with Grocery Stores

Since farmers' markets can be inconvenient for consumers if they are out of the way or do not contain a variety of products, one option to attract more customers is to build links between supermarkets and farmers' markets. Just as the supermarket chain Whole Foods has promoted farmers'

markets in their parking lots, other markets can follow a similar approach by featuring "farmers' market" sections in their produce departments. Although this approach diminishes the ambiance, entertainment, or community feeling of farmers' markets, it does allow busy consumers to purchase locally grown food and perform multiple tasks in one place. In a case study of farmers' markets in North Dakota, local grocery store managers viewed farmers' markets not as competition but as an attraction, since customers travel to purchase items at the farmers' market and then purchase other items at the grocery store (Goreham 2000).

Providing Regulatory Assistance

Regulations connected to zoning, planning, facilities management, traffic, food processing, labor practices, and health and safety have the largest implications for farmers' market creation, development, and participation. Regulations affect market participants and organizers in three ways. The first is the creation of rules that facilitate participation and access to markets. The second is education and transferring knowledge of these regulations, including changes to regulations, to marketers. The third is assisting farmers in adhering to these regulations. Aiding farmers and market organizers in these areas can allow more and different types of farmers to participate in markets as well as achieve the goals that drive these regulations.

Implementing Traceability Systems

Stronger traceability systems or point-of-origin labeling can be implemented to help enhance food safety and customer confidence. Unlike meat or dairy production and marketing, fruit and vegetable production is currently subject to few preventative regulations; the FDA takes action only when or if there is an outbreak. Current traceability systems vary across industries. Some are voluntary, meaning that private farmers or firms are currently forced to balance the costs and benefits of traceability to determine an efficient level of accountability.

Keeping Better Statistics and Information on Farmers' Markets

The Marketing Services Branch of the Agricultural Marketing Service of the USDA has recently started to conduct research on emerging trends in farmers' markets and market operations and to prepare research reports, reference materials, and

fact sheets. These materials are targeted at farm vendors, market managers, and other stakeholders. Until 2002, however, farmers' market managers and participants did not have a central organization that provided support or technical information. The Farmers' Market Coalition was established to serve as an information network and a centralized mechanism for developing, expanding, and supporting markets.

Assignment

Your assignment is to propose the establishment of a local food market from the perspective of a consultant to a community and to identify the most important policy issues for starting and operating farmers' markets, taking into account the diverse goals of various stakeholders.

Additional Readings

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