

Farmers' Market

NAICS Code: 445230

SIC Code: 5431

Completed by Veronica G. Rodriguez



Having been replaced by brokers and supermarkets, farmers' markets in the U.S. have been regaining popularity over the past two decades as evidenced by the 3,700 markets found in the United States in 2004. This represents a 79% increase over 1994. Farmers' Markets have average sales of \$312,000 which helps with the public's perception as a worthy competitor and not as small outdoor fruit and vegetable markets¹. Another reason farmers' markets have grown in popularity is that more people are seeking local and organically grown fresh fruits and vegetables. Sales of organic food are rising and are helping bring back farmers' markets. States with the most farmers' markets are New York (850), California (813) and Florida (613). All together they represent 35% of the market.¹

Industry Overview

Farmers' markets are used by farmers worldwide to directly sell their produce to the consumer though as food production in the U.S. became industrialized, they were replaced by brokers and supermarkets. However, farmers' markets have been regaining their popularity in the past two decades.

Number of Fruit and Vegetable Markets by Size of Workforce



Source: Fruit and Vegetable Markets, Encyclopedia, Online Edition, Gale, 2004¹

Advantages of a farmers' market to the farmer include the ability to sell directly to consumers instead of going through a middleman who charges higher retail prices for the produce. Without this advantage, the existence of small and medium sized growers would be threatened. Additionally, it is another way for new growers to learn what customers want and perfect their production skills.

Many growers enjoy being at farmers' markets because of the interaction with the customers and other vendors. There are also many advantages for the customers who not only buy fresh produce, but talk to the growers about how the produce was grown and prepared².

Demographics

In 2004, the U.S. Department of Agriculture reported that there were 3,100 farmers' markets in the United States, a 79% increase over 1994. Retail sales of produce from farmers markets were \$888 million. This represents 93% of total sales at farmers' markets. Average sales were totaled at \$312,000³. One of the reasons for this increase is that, "more and more people care about where their food comes from," according to Patty Brand, executive director of The Friends of the St. Paul Farmers Market⁴.

In 2000, farmers markets had an average of 1,055 customers, up from 787 in 1996. Fifty-seven markets had an increase of customers while 14 percent had a decrease in customers³. Reasons for this increase include the notion that markets are popping up within all communities. Sixty-seven percent of customers live less than 10 miles from a farmers market while 19% were 11 to 20 miles away, 8% were 21 to 50 miles away, and 5% live more than 50 miles away from a farmers market³.

Customers' Distance From Market

Category	10 miles or less	11 to 20 miles	21 to 50 miles	More than 50 miles
Region				
Far West	73	17	5	5
Rocky Mountains	76	17	6	2
Southwest	54	15	22	8
North Central	67	22	8	3
Southeast	71	16	9	4
Mid-Atlantic	60	24	11	5
Northeast	66	19	8	7

Source: U.S. Farmers Market-2000³

Trends

A recent trend evidenced by the 19,000 farmers who sold only to consumers in 2000, finds many American farmers able to stay in business because they are selling directly. One reason farmers are going retail is that they make more money by setting their own prices, have more control over finances and can sell a higher percentage of their crop including bruised and less than perfectly shaped fruits and vegetables.

Another trend is in the number of farmers' markets that have popped up over the past few years. The number had risen from 499 in 1946 to 2,863 in 2000 and in 2004, the USDA reported that there were 3,700 farmers markets in the nation. Part of this trend is the rise in customers from 787 in 1996 to 1,055 in 2000³.

The growing popularity of farmers markets is not only with consumers and farmers, but with people who want to start their own businesses. Farmers' markets help people start or expand their business through an environment that includes relatively low start up costs. Farmers' markets encourage many food lovers to build a customer base and test-market new food products. Farmers' markets also help owners to hone their sales and display skills while finding out what attracts customers.

Farmers' markets are important in the food system because they provide a market for farmers and customers to buy and sell fresh fruits and vegetables. Seventy-nine percent (79%) of farmers have sales

less than \$10,000 and 31% of farmers use the farmers' market as their only way of marketing products³. This means that farmers' markets are an important market outlet for small to medium sized farms in the United States.

Popularity

Farmers' markets are enjoying resurgence in popularity after having been replaced by supermarkets and brokers. Farmers' markets are appearing in big cities and small towns. According to the U.S. Department of Agriculture, the number of farmers' markets almost doubled in the last decade from 1,755 in 1994 to 3,137 in 2002.⁵ This popularity is due to consumers being less accepting of bland meat and produce from factory farms together with the relationship that they form with the grower. People are demanding fresher and locally grown product. There is also more attention being placed on health and the environmental with respect to antibiotics and pesticide use.

In a 2003 study by the Leopold Center for Sustainable Agriculture at Iowa State University, the study said that if the price for products grown locally were the same as products grown far away, consumers were more likely to buy the locally grown products. Even though locally grown products cost more, more people are buying them because they consider them to be healthier and tasteful.⁶ For example, in a supermarket it takes 18 days from the day the produce is picked to the day it is ready for purchase. Compare that to a farmers' market where it is picked on a Friday and sold on a Saturday.

In 1994, The U.S. Department of Agriculture started keeping track of all farmers' markets in the country. The graph below shows the growth in farmers markets from 1994 to 2004.



Source: The U.S. Department of Agriculture⁷

So despite the fact that farmers' markets once fell out of favor with the consumer because the supermarket offered more convenience, they are now making a comeback. Despite convenience, consumers are growing tired of products that are bland and have been sitting somewhere for several days.

Periodical

Growing for Market

<http://www.growingformarket.com/>

Associations

Pacific Coast Farmers' Market Association- <http://www.pcfma.com/>

California Farmers' Market Association- <http://www.cafarmersmkts.com/>

Washington State Farmers' Market Association- <http://www.wafarmersmarkets.com/>

Oregon Farmers' Market Association- <http://www.oregonfarmersmarkets.org/>

New Hampshire Farmers' Market Association- <http://www.nhfma.org/>

Minnesota Farmers' Market Association- <http://www.mfma.org/>

Sources

- 1) "Fruit and Vegetable Markets." Encyclopedia of American Industries. Online Edition. Gale, 2004. Reproduced in Business and Company Resource Center. Farmington Hills, Mich.:Gale Group. 2006. Date Accessed: June 2006.
- 2) Farmers' Market's Marketing and Business Guide, Date Accessed June 2006
<http://attra.ncat.org/attra-pub/farmmrkt.html>
- 3) U.S. Farmers Market-2000: A Study of Emerging Trends, Date Accessed June 2006.
<http://151.121.3.150/tmd/MSB/PDFpubList/FarmMark.pdf>
- 4) Nelson, Rick, Spiffed-up farmers market opens in St. Paul, Date Accessed June 2006.
<http://www.ams.usda.gov/farmersmarkets/Articles/StPaulfarmarticle.htm>
- 5)Garber, Romina, Miami-area farmers' markets join growing U.S. trend in popularity, The Miami Herald, 2004
- 6) Loviglio, Joann, Farmers' Markets Keep Growing and Growing; As Popularity Increases Nationwide, So Do Numbers, Washington Post, 2005.
- 7) Farmers Market Growth, The U.S. Department of Agriculture, Accessed on 08/02/2006
<http://www.ams.usda.gov/farmersmarkets/FarmersMarketGrowth.htm>

This material is based upon work supported by the U.S. Small Business Administration. Any opinions, findings, conclusions or recommendations are those of SBDCNet and do not necessarily reflect the views of the U.S. SBA. The SBA funds this U.S. Small Business Administration (SBA) Grant. SBA's funding is not an endorsement of any products, opinions, or services. All SBA funded programs are extended to the public on a non-discriminatory basis.