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REASONS TO SHOP AT FARMER'S MARKETS: A SURVEY STUDY IN SOUTH DAKOTA

by

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The growth of farmer's markets and other community supported agriculture programs in recent years has coincided with consumers' increasing demand for access to locally-produced products. This resultant demand has provided new business opportunities for local small producers. Despite the on-going trend of farm consolidation and international competition, smaller farms (\$50,000–99,999 in sales) still contribute approximately \$1 out of every \$8 of direct agricultural product sales (USDA-NASS, 2006). In fact, the number of farmer's markets has grown from 2,410 in 1996 to 6,132 in 2010 (USDA-AMS 2011). In recent years, the operation period of farmer's markets has exceeded the conventional expectation by expanding into the winter season even in several states that have severe winter conditions. In 2010, the number of winter farmer's markets operating in Pennsylvania was 42, with 153 in New York and 20 in Michigan (USDA AMS 2011).

However, despite the on-going new business opportunities for farmer's markets in the U.S., little is known about the main reasons that determine whether local consumers will shop (or not shop) at farmer's markets in urban and rural South Dakota. With support by the Chicoine Family Excellence in

Economics Fund at South Dakota State University, a group of researchers in the SDSU Department of Economics conducted a consumer survey study to identify the key reasons why local consumers choose to shop (or not to shop) at farmer's markets. It was expected that the study results would provide insightful information for local producers to efficiently locate targeted consumers and to enhance their marketing strategy.

Data Collection

The survey questionnaire was designed and delivered at farmer's markets in four different locations from July to August 2011. In Sioux Falls, 353 questionnaires delivered and 110 were returned for a response rate of 31.2%. After deleting responses with missing values or unusable answers, the number of eligible observations was 97. In Huron, Brookings, and DeSmet, 352 questionnaires were delivered and 126 were completed for a 35/7% response rate. After deleting those with missing values or unusable answers, 100 were used in the analysis.

Overall, the data suggest that there are no significant differences in the demographic and social characteristics of consumers at farmer's markets in the urban and rural areas. Both groups of consumers had very similar levels of nutrition knowledge and attitudes of healthy behavior. The higher income of the urban consumers did not transfer to higher food budgets. On the other hand, rural farmer's markets consumers were more likely to be the main grocery shoppers for the family. Rural consumers also tended to have lower incomes, less education, and higher consumption of red meat than urban consumers (more detailed information is available upon request from the contact author).

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Reasons to Shop at Farmer’s Markets

Respondents were asked to select all the possible reasons that would affect their decision to shop or not to shop at the farmer’s market. Table 1 summarizes the frequency and rank of each reason selected by the respondents in the Sioux Falls location.

Table 1. Reasons to Shop Farmer’s Markets – Urban Consumers (Sioux Falls)

Reasons	Frequency	Rank
Support Local	76	2
Lower Price	7	9
Better Quality	90	1
Food Safety	20	7
Family Enjoys Visiting FM Together	27	4
Family Prefers FM Food	23	5
Entertainment	48	3
Word of Mouth	9	8
Personally Meet Growers	21	6
Happen to Pass By	1	11
Other	4	10

Better quality is the most important reason urban consumers shop at farmer’s markets. The concept of supporting local producers is the second most important reason. Both of these reasons have been identified by the literature as key elements to the success of farmer’s markets. Although previous studies found that consumers are willing to pay higher prices for locally-produced products, local growers should remember that the estimated Willingness to Pay (WTP) for local food from previous studies in other geographic regions is often inconsistent even for the same products. Consumers tend to combine their willingness to pay for local food with other product attributes such as freshness, taste, fairness, food safety, etc.

Interestingly, urban consumers identified “*Entertainment*” and “*Family Enjoys Visiting Farmer’s Market Together*” as the third and fourth reasons to shop at farmer’s markets. This result suggests that local producers and managers should include more alternatives for consumers to explore at the farmer’s market. In addition to traditional sales activities, farmer’s markets should be encouraged to include other activities (such as live music performances or children’s playground?) or to

collaborate with nearby local shops and restaurants to provide more entertainment options.

To our knowledge, there has been little research and few previous studies emphasizing the importance of family decision-making in consumer’s consumption decisions for using the famers’ markets. Data from this survey indicate that “*Family Members Prefer Food from Farmer’s Market*” is the fifth important reason for consumers in South Dakota to shop at farmer’s markets. Based on this finding, we suggest that the managers at farmer’s markets should recognize the importance of family decision-making concerns and allow more family-oriented activities at the farmer’s markets. For example, design more space to allow consumers to taste the food and rest; more family-oriented entertainment; child-friendly food/product options and activities; or more family restrooms.

Consumers in the Sioux Falls area also indicate that the direct connection with growers is an important reason to shop at farmer’s markets.

Table 2. Reason to Shop at Farmers Market – Rural Consumers (Brookings, Huron, DeSmet)

Reasons	Frequency	Rank
Support Local	78	2
Lower Price	11	8
Better Quality	95	1
Food Safety	21	5
Family Enjoys Visiting Together	18	7
Family Prefers FM Food	22	4
Entertainment	24	3
Words of Mouth	3	10
Personally Meet Growers	20	6
Happen to Pass By	7	9
Other	3	10

Compared to consumers in the urban area, rural (Brookings, Huron, and DeSmet) consumers have similar reasons to shop at farmer’s markets. However, food safety became the fifth reason to shop at farmer’s markets among rural consumers. The role of family decision-making is still very important, as “*Family Prefers FM Food (Food from Farmer’s Market)*” and “*Family Enjoys Visiting (Farmer’s Market) Together*” are listed as the fourth and seventh reason, respectively.

Reasons Not to Shop at Farmer's Markets

Table 3 summarizes reasons that discourage urban consumers from shopping at farmer's markets. The schedule (hours of operation) is the most important reason that prevents consumers from visiting farmer's markets more often. Except for the usual Saturday morning, farmer's markets in South Dakota are only open in the time period (usually between 4:00 pm to 5:30 pm) that many consumers are still at work. Consumers who work fulltime jobs express concern that the products they look for are usually sold out when they arrive at the market. Therefore, managers of the farmer's markets might consider adjusting their hours, or rearranging the marketing strategy for consumers with 8 to 5 working schedules.

The fact that price concern (too expensive) is listed as the second major reason that discourages consumers from shopping at farmer's markets sends an important message. While consumers often are willing to pay a higher price to buy locally-grown food, local growers should recognize that most consumers are relatively price sensitive, especially for lower income consumers. Because maintaining high quality food is costly, we encourage local stakeholders to collaborate with SDSU researchers to identify the key product attributes that would incur higher price premiums for the locally-grown food. Growers would then be able to develop the most efficient production and price strategy for their products.

Table 3 indicates that consumers also see the location of farmer's markets as an important factor that discourages them from visiting more often. Indeed, many consumers in the Sioux Falls area have to take a special route to visit the farmer's market in the northern part of Sioux Falls Park, where no other shopping or restaurants are located within the nearby walking distance. Managers and policy makers are encouraged to combine the entertainment consideration with the location concern to redesign the marketing strategy or options for the farmer's markets. For example, invite more food vendors, live music, or other family-friendly entertainments to the markets.

Table 3. Reasons Not to Shop at Farmer's Market -- Urban Consumers

Reasons	Frequency	Rate
Distance/Location	28	3
Too Expensive	31	2
Hours are not friendly	41	1
Short of Options/sold out soon	9	7
Family Members Dislike FM	0	10
Not Enough Meat Products	11	5
Not Enough Vegetable/Fruit Options	11	5
Prefer to Buy at Supermarket	15	4
Food Safety Concerns	0	10
Quality Concerns	0	10
Never think about buying at FM	3	8
Forgot the Schedule	2	9
Grow own Food/Buy from Friends	0	10
Winter	2	9

Urban respondents also highlight the problems of product options and quality limitation at the farmer's market. However, this problem can be eliminated once more local sellers join the markets, along with more consumers, to create "economies of scale."

Table 4. Reasons Not to Shop at Farmer's Market -- Rural Consumers

Reasons	Frequency	Rate
Distance/Location	16	6
Too Expensive	29	2
Hours are not friendly	40	1
Short of Options/sold out soon	18	4
Family Members Dislike FM	1	12
Not Enough Meat Products	9	7
Not Enough Vegetable/Fruit Options	24	3
Prefer to Buy at Supermarket	16	5
Food Safety Concerns	3	10
Quality Concerns	1	12
Never think about buying at FM	9	8
Forgot the Schedule	4	9
Grow own Food/Buy from Friends	2	11
Winter	0	13

Table 4 suggests that rural consumers have a very similar concern of product shortage. Specifically, the shortage of product options became the third ranking reason that discourages rural consumers from visiting farmer's markets. Instead of treating this concern as a problem, local producers need to see it as an opportunity to expand local food markets. With more producers and products joining

the market, farmer's markets will be able to enjoy the "economies of scale" and lower selected product prices to attract more consumers.

Summary

Locally grown agricultural products have gained consumers' acceptance in recent years. The resultant increase in demand for locally-grown food has provided new business opportunities for smaller- and medium-scale farmers.

This study identifies the most important attributes that determine consumers' decisions to shop or not to shop at local farmer's markets in South Dakota. The survey data suggest that food quality, supporting local producers, family entertainment, and food safety are the main reasons which encourage local consumers to shop at farmer's markets. On the other hand, unfriendly business schedule, price concerns, limited product options, and limited quantity are reasons that prevent consumers from shopping more at farmer's markets.

We encourage local producers and market managers to utilize the information generated by this study to explore further market opportunities and to enhance the current marketing strategies.

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