Creating a Successful Farmers Market

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The project entitled *Strengthening Direct Market Channels: Programs to Develop and Enhance Farmers' Markets* is a collaboration between the Oklahoma Department of Agriculture, Oklahoma State University, the Kerr Center for Sustainable Agriculture and the Oklahoma Farmers' Market Alliance. These groups have worked together towards the following objectives:

- To collect information on the current status of farmers' markets in Oklahoma by surveying market managers, producers and customers.
- To identify successful production and marketing practices, customer views and preferences, information needed by managers and producers
- To disseminate the findings and the requested information to market managers and producers through workshops and training manuals

Farmers' market customers were surveyed using written questionnaires handed out at eleven different farmers' markets during the 2001 and 2002 seasons. Out of 650 questionnaires distributed, 395 were completed.

Additionally, fifty-nine out of 300 producer surveys were turned in and nine out of 21 market manager surveys were completed.

This workshop was held for Oklahoma farmers' market managers, although other interested individuals could attend. Resource manuals for managers will be completed in early '03. Workshops and manuals for farmers' market producers are scheduled for spring and fall '03.

Highlights of Farmers' Market Consumers' and Producers' Survey Results

Dr. Shida Henneberry and Haerani Agustini

1. FARMERS' MARKET CONSUMERS

1.1. Respondents' Characteristics

The survey gathered information on the sex, age, household income, education level, neighborhood, ethnicity and presence of children in the home for farmers' market consumers. The results are in Table 1.

The survey results portray the typical Oklahoma farmers' market's customer in a fashion that is consistent with the conclusions of similar studies conducted in other regions of the US. The typical customer is a woman, age 36 or older, highly educated, with a household income of $40,000 or higher, coming from a two-person household.

About Dr. Shida Henneberry

Dr. Shida Henneberry is a professor of agricultural economics with over 20 years of professional research and teaching experience. She is also a member of the faculty of the School of International Studies at Oklahoma State University. She is the author or co-author of 37 refereed journal articles, 24 bulletins, book chapters, manuscripts, and several outreach/extension publications in the areas of agricultural market development, demand analysis, international trade and international development. More specifically, the impact and effectiveness of government export promotion activities and economic effects of free trade agreements have also been studied.Current teaching activities involve a senior level course in international agricultural trade and development, and a graduate level course in international agricultural policy and development. Shida also taught a graduate level course at OSU in Advanced Agricultural Prices and a junior level course in agricultural marketing from 1987 through 2000.In 1996, Dr. Henneberry was recognized as an OSU Celebrity for Faculty Excellence at Oklahoma State University and was the winner of the Western Agricultural Economics Association Outstanding Teaching Award. In 1998, Shida was recognized as the Outstanding Teacher by the OSU Aggie-X Club and the Outstanding Oklahoma Educator by the Oklahoma House of Representatives.

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1.2. Shopping and Purchasing Patterns

To get a better description of demand for particular items at the market, shoppers were asked to list products they usually purchased. The results showed that 70 percent of respondents purchase vegetables, and 41 percent purchased fruit regularly at the farmers' market. Items that were also purchased regularly are berries and organic produce. All cities studied show a similar pattern. See figure 9.

Respondents also were asked about items that they never purchased. Around 68 percent of respondents said that they had never purchased cheese at the farmers' market, 65 percent had never purchased meat, and 62 percent had never purchased dried herbs. On question 14 of the survey, respondents were asked about items that they would be likely to buy if such items were regularly available at the farmers' market. Results indicated that 18.6 percent of respondents would likely buy eggs, 18.3 percent would likely buy cheese, and 15.7 percent would likely buy nuts. About 17.6 percent of the Oklahoma City farmers' market shoppers would like to buy more vegetables.

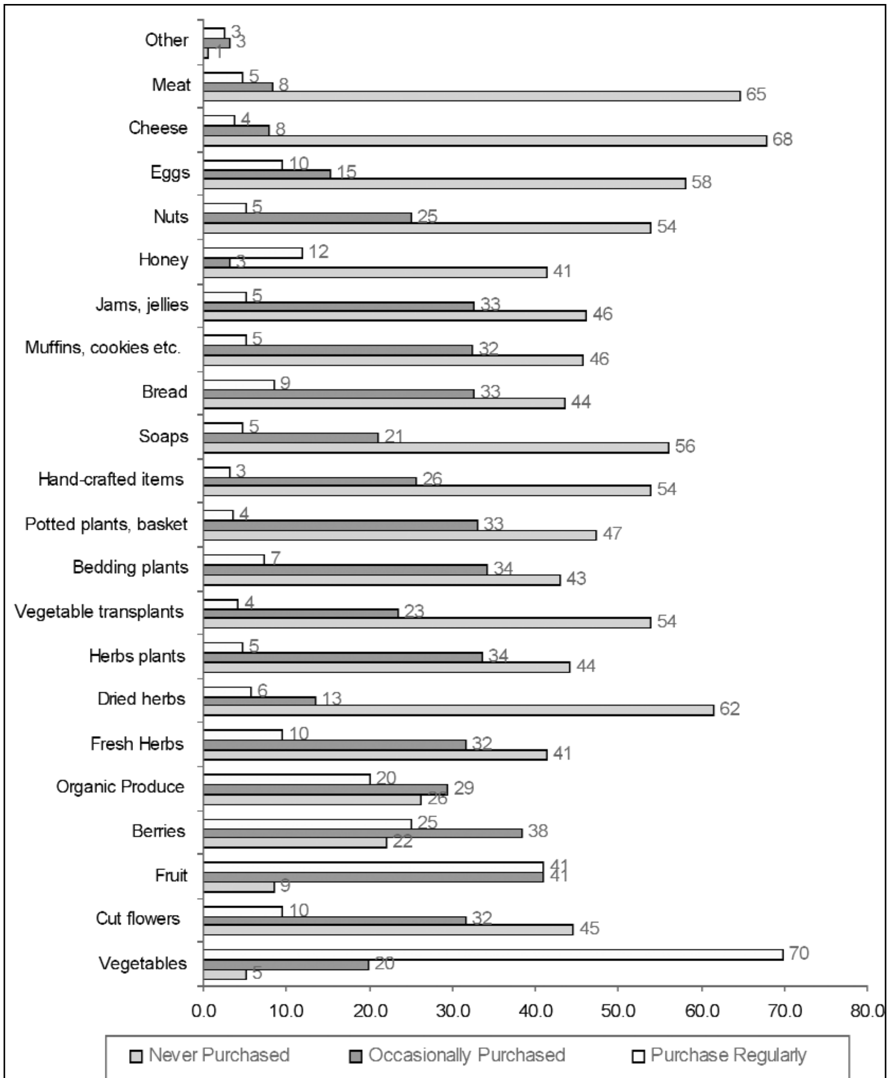

Figure 9. Percentage of Respondents that Purchased these items at Oklahoma's Farmers' Markets

Question 15 on the farmers' market questionnaire asked respondents to list any specific items, such as types or varieties of vegetables that they wish were more frequently available in the market. The answers to this question included varieties of produce, such as more carrots, okra, tomatoes, green beans, lettuces, etc. Some of the respondents also said they wanted more organic vegetables, more eggs, more fresh salad mix, more cheese, and more Oklahoma handicrafts available at farmers' markets.

When shoppers were asked about their average monetary expenditure each time they visit the market, 29 percent said they spend $5 to $10, 31 percent spend $10 to $15, and 24 percent spend $15 to $25. When respondents were asked how frequently they prepared meals at home, 44.1 percent said they prepare meals more than 7 times a week.

Consumers were also asked how often they visited the farmers market during 2001 and how they compared recent visits to the previous year's visits. The aim of these questions was to get a description of consumers' shopping patterns. Farmers' markets operate twice weekly, on Saturday and Wednesday mornings. About 32.1 percent of Saturday's farmers market's respondents visited the market weekly, 22.8 percent visited every other week, and 12.2 percent visited once a month.

The visiting pattern was different at the Shawnee's farmer's market, where about 53.8 percent of shoppers visit the market weekly. This was the highest percentage in comparison to other cities investigated.

When respondents were asked to compare the frequency of their farmers' markets' visitation patterns on Saturdays of 2001 with the previous year's patterns, 42.9 percent of respondents said that they were the same and 33.0 percent said their visitations had increased; only 23.1 percent said they had decreased. The same question was asked of Wednesday shoppers. Approximately 24 percent of respondents indicated their visitation pattern was about the same, 23.1 percent said it had decreased and 16.7 percent were visiting the market more frequently.

Among the six cities studied, respondents at the Norman's farmers' market showed a pattern different from other respondents. The majority (72 percent) of Norman shoppers said the number of visitations in 2001 was about the same compared to the previous year's number.

Shoppers were also asked about how many years they had been going to the farmers' market. About 30 percent of 312 respondents answered they have been visiting the farmers' market for 2-3 years and 26 percent for 4-5 years, which implicitly shows that Oklahoma has a good customer base that already patronizes farmers' markets.

In Norman the percentage was even higher: 88 percent of respondents said that they have been visiting the farmers' market for at least 4 years. The next question asked how many farmers' markets they had visited in the previous year; 59 percent had visited only one farmers' market in 2001.

Farmers' market customers were also asked to rank poor, good, or excellent the following characteristics of farmers' markets they had visited: hours of operation, location, availability of shade, parking facilities, cleanliness, level of courtesy, variety of products, quality of products, prices, packaging and other.

The results showed that 60 percent of respondents ranked level of courtesy as excellent, 48 percent ranked quality of products as excellent, and 43 percent ranked location as excellent.

Suggestions from customers on how to improve the markets included: recruit more vendors or encourage more vendors by not charging any fees; provide more information to public (increase advertising); offer more products; stay open until at least 2 p.m.; build some infrastructure such as benches for shoppers; find a shadier location with electrical hook ups for food services; have more live music, coffee, fresh baked items, homegrown vegetables, fruits, nuts, and booths for orchids and flowers; provide better parking facilities; find a permanent location; and offer a more festive atmosphere.

1.3. Reasons for Shopping at Farmers' Market

Kezis et al. identified quality of produce as the key attraction at some of the farmers' markets of other regions. This type of response was expected given the high education level that characterized the respondents. As in the Maine farmers' market study, shoppers in Oklahoma's farmers market also identified quality as a very important factor affecting their decision to shop at the farmers' market (Figure 16). Other factors identified were availability of in season products (53.8 percent) and the fact that the products were grown in Oklahoma (46.5 percent). These factors were identified among all cities studied in a similar pattern (see figure 16).

Other questions on the survey asked the respondents to rank from 1 (most important) to 7 (least important) several reasons for shopping at farmers' markets. Respondents ranked price as having little importance on

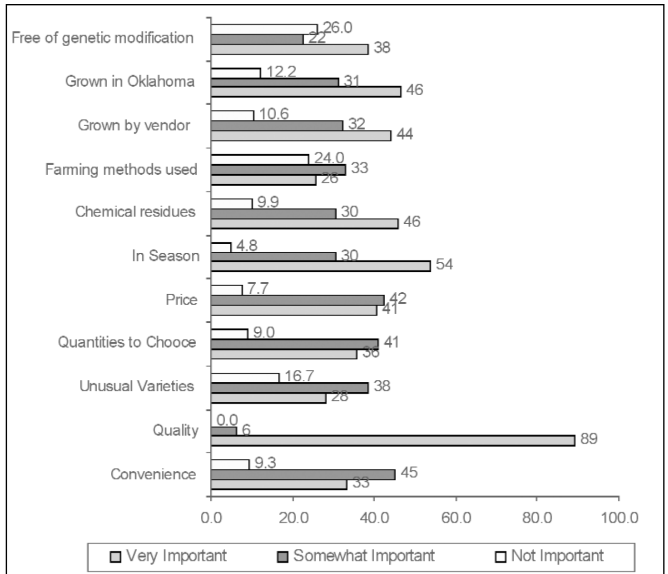

Figure 16. Importance of Quality Characteristics of Fresh Produce to Consumers

their decision to shop at the farmer's market. Previous studies (Kezis et al.; Gallons et al.) have identified price as a critical factor in the decision to shop at the farmers' market.

In Oklahoma, the most important reasons for shopping at the farmers' market were product quality and freshness (40 percent), and to support local farmers and businesses (37.8 percent).

Oklahoma shoppers were asked their opinion on what expectations they had when buying produce at a farmers' market. Most (84.3 percent) said that they expected the produce to have a higher quality compared to produce at

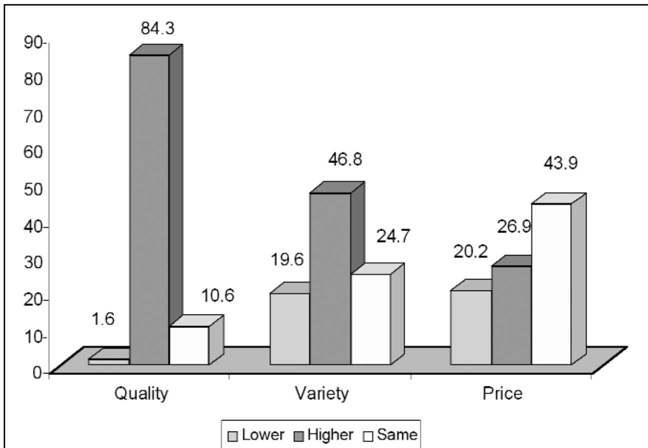

Figure 18. Consumers' Expectations of Produce Bought at Oklahoma's Farmers' Market

other, (not farmers') markets. Higher product variety was also expected by 46.8 percent, and respondents expected price to be the same as in other markets (figure 18). These results were consistent among the six farmers' markets studied.

2. FARMERS' MARKET PRODUCERS

2.1. Respondents' Characteristics

The producer survey gathered information about sixty-four producers, including sex, age, household income, education level, neighborhood, ethnicity and presence of children in the home. The results are in Table 2.

The survey revealed that the primary occupations of the majority of farmers' market producers were non-agricultural and vegetable farming. The average length of time they had been working at their primary occupation is about 13.7 years. Furthermore, the average length of time that the producers had been selling products through farmers' market was 4.5 years. The survey also revealed that selling products through farmers' market was is not a full time income for most; around 43 percent of producers said that it is a part-time income.

2.2. Examination on Factors Related to Production and Marketing of Products

Producers were asked their reasons for selling products at farmers' market. They were asked to rank from 1 (most important), to 7 (least important), the following characteristics: convenience, to receive retail value for products sold, interaction with customers, to advertise products, to sell excess products not sold through other outlets, and to sell surplus produce from own garden.

The results showed that 44 percent said to receive retail value for products sold was the most important reason for them to sell at the farmers' market. Furthermore, 27 percent said that interaction with customers was an important reason.

To increase sales, farmers' market producers usually advertise their products to attract consumers. They were asked to rank from very effective (1) to not effective (3), the following promotional method used: sign indicating price, sign for product information, recipes, taste testing/samples, bulk discount and other. The results showed that around 58 percent of the producers said that using a sign indicating price was a very effective method of promoting sales. About 27 percent also said that using a sign for product information was also a very effective way of promoting sales.

At the Stillwater farmers' market, 73 percent agreed that a sign indicating product prices is a very effective way of promotion, and 55 percent stated that taste testing/ samples of product is also very effective.

Producers were asked to describe how they normally determine prices for the products they sell at farmers' market. The options given were: grocery store comparison, matching other vendors' prices, pricing below other vendors, Internet, cost of production plus mark up, pricing above other vendors, and charging the same as always.

Twenty-seven percent said that the most common method used to determine prices was grocery store comparison, 22 percent said matching other vendors prices, and 19 percent said that they determined prices based on the cost of production plus mark up.

Most of the farmers' market producers (95 percent) said that they hold the prices the same throughout the day. When asked about price undercutting in their farmers' market, about eighty five percent stated it is not a problem.

Level of satisfaction with selling products at farmers' market was also examined in this survey. The answers ranged from not satisfied to totally satisfied. The survey revealed that 52 percent of respondents were "mostly satisfied" with the profit from selling at farmers' market, 25 percent said they were "totally satisfied," and only 8 percent said they were not satisfied.

Producers were asked how they measured their success selling at a farmers' market, choosing from among gross sales, net sales, selling enough to cover expenses, selling out of enough products to go home early, selling most of the products by the end of the market day, having return customers, and others. As expected, most producers (64 percent) said that having return customers makes them a successful producer. The second largest answer was "relatively" good gross sales (39 percent of respondents). An even larger percentage of respondents– in Stillwater (82 percent), Oklahoma City (73 percent) and Muskogee (89 percent)– rated having return customers as their primary indicator of success (figure 28).

To obtain data on the origin of the products sold at farmers' market, respondents were asked, "What percentage of all the products that you sell at farmers' market are grown or prepared by you and your employees (not resold)?" Seventy-nine percent said that they or their employees prepared their products by themselves.

Products sold at farmers' market can be fresh produce or value added products. The results showed 33 percent of respondents said they sell value added products.

Producers were asked to rank some their production

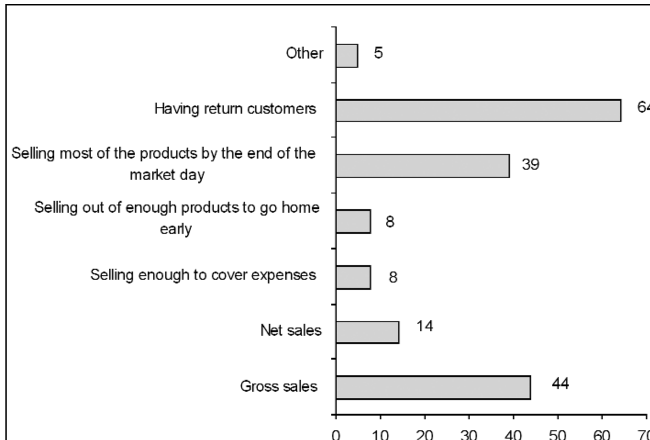

Figure 28. Measurement of Producer's Success at Farmers' Market

input expenses from the largest to the smallest. Choices were: seeds/plants, fertilizer, weed control, insect control, disease control, irrigation, machinery, labor, utilities, transportation, land payment, buildings, marketing, and other. Twenty-eight percent said seeds/plants were their largest expense, 19 percent said utilities, and 11 percent picked machinery.

One of the production inputs of farmers' market products was labor. The respondents were asked what level of difficulties that they experienced in finding reliable employees. The result was very interesting because only 9 percent of the respondents said finding reliable employees is not difficult. The complete answers were: 21 percent, somewhat difficult; 23 percent, very difficult; and 47 percent said they have not yet hired any employees.

2.3. Typical Customers at Farmers' Market From the Producer's Point of View

Producers were asked to describe their customers by choosing from a list of characteristics. Results showed that 66 percent of producers believed their customers have a medium income, and are retired. Fifty-six percent said their customers are very health conscious, 55 percent said their customers are educated, and 53 percent said customers are married with children.

Quality is important to customers and is a factor in their decision to shop at a farmers' market. Producers were asked why they thought their customers shopped at farmers markets. Around 90 percent of producers said that product quality is very important to their customers, and for each market compared, all of them stated that product quality is very important to customers. Producers also identified "grown or made by the vendor," and "Oklahoma grown" as being important. (figure 31).

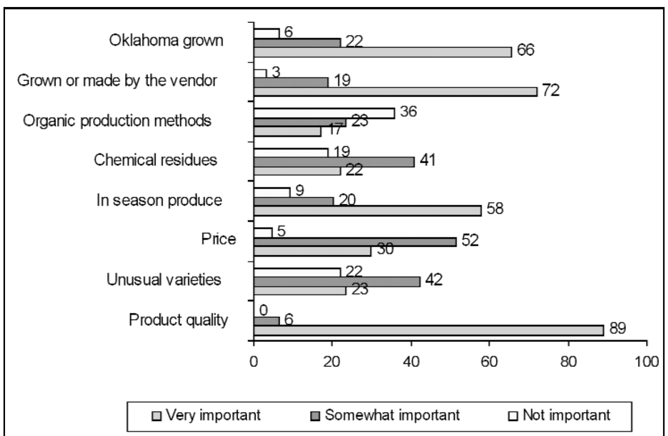

Figure 31. Importance of quality Characteristics to Customers

2.4. Directions of Change Expected by Farmers' Market Producers

To have a better business environment for producers at farmers' market, producers were asked to indicate changes they would like to occur at the primary farmers' market they attend. The purpose of the question was to have some feedback about how to improve farmers' markets.

Suggestions included increasing marketing promotion via Internet and more enforcement of rules and availability of guidelines. One respondent suggested that a fixed membership fee could become a barrier entry for small vendors. To overcome this problem, it was suggested that paying a percentage of sales as a membership fee would help small vendors. Since the majority of the customers are elderly people, the producers suggested that farmers' market designate a specific rest area for them.

As for the future of their market, 67 percent of respondents expected the number of customers would increase, 61 percent expected that the amount of advertising would increase, and 50 percent expected the numbers of vendors would increase.

Question 45 asked producers what topics they would like to have more information about. The choices were: season extension techniques, greenhouses, plant propagation, irrigation, post-harvest handling, marketing, weed control, disease control, insect control, cover crops, organic methods, hiring employees, value added products, health regulations, specific crops/ products and other. The result is in figure 33.

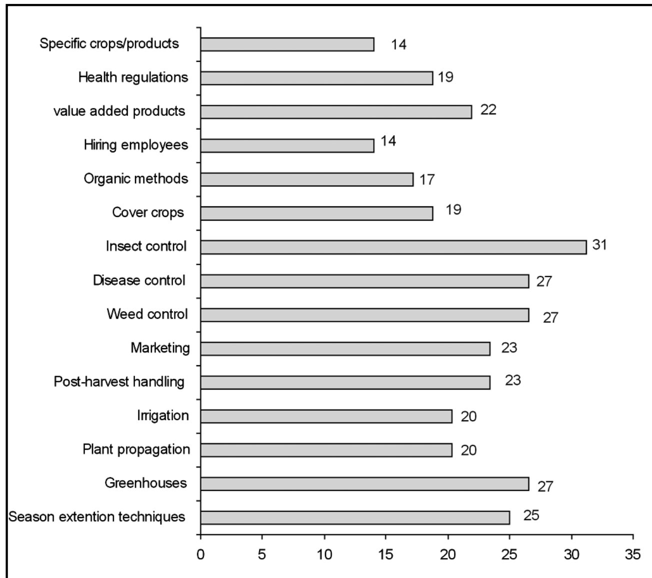

Figure 33. Percentage Respondents that Said More Information Needed On These Topics

Table 1. Demographic Characteristics of Oklahoma Farmers' Market Consumers

Characteristics		Respondents (%)
Sex:	Male	21.0
	Female	79.0
Percent households with children under 18 years		18.60
Age:	< 20	0.00
	21 - 35	6.40
	36 - 50	27.60
	51 - 65	40.10
	66 - 75	13.80
	> 75	9.60
Education:	Grade School	2.00
	High School	16.00
	Some College	30.00
	Undergraduate	20.00
	Some Grad School	11.00
	Masters	16.00
	Doctoral	5.00
Annual Household Income:		
	< $ 20000	13.00
	$ 20000 - $ 39999	22.00
	$ 40000 - $ 59999	25.00
	$ 60000 - $ 79999	18.00
	$ 80000 - $ 99999	10.00
	> $100000	12.00
Neighborhood:	Urban	39.00
	Suburban	43.00
	Rural	18.00
Ethnicity:	African American	3.00
	American Indian	7.00
	Asian / Pacific Islander	0.00
	Middle Eastern	1.00
	Caucasian	88.00
	Hispanic	1.00
	Others	0.00

Table 2. Demographic Characteristics of Oklahoma Farmers' Market Producers.

Characteristics		Respondents (%)
Sex:	Male	33.85
	Female	61.53
Percent households with children under 18 years		24.62
Age:	< 25	0.00
	26 - 35	6.00
	36 - 55	50.00
	56 - 65	21.00
	66 - 75	15.00
	> 75	8.00
Education:	Grade School	5.00
	High School	15.00
	Some College	27.00
	Undergraduate	23.00
	Some Grad School	11.00
	Masters	16.00
	Doctoral	3.00
Annual Household Income:		
	< $ 20000	19.00
	$ 20000 - $ 39999	30.00
	$ 40000 - $ 59999	24.00
	$ 60000 - $ 79999	19.00
	$ 80000 - $ 99999	5.00
	> $100000	3.00
Neighborhood:	Urban	8.00
	Suburban	10.00
	Rural	82.00
Ethnicity:	African American	0.00
	American Indian	2.00
	Asian / Pacific Islander	3.00
	Middle Eastern	2.00
	Caucasian	88.00
	Hispanic	2.00
	Other	3.00

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