

CONSERVING THE AGRICULTURAL LANDSCAPE THROUGH FARMERS' MARKETS

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ABSTRACT

As economies become globalized and increased competition drives down commodity prices, there is a tendency for traditional forms of economic activity, such as agriculture, to shift geographic location. By differentiating products through local identities, producers have the opportunity to improve their economic viability. To maintain rural economies and the provision of agricultural open space, especially in urbanizing regions, direct to consumer sales offer a value-added approach for farmers and other local producers. Surveys of 216 consumers and 81 vendors, including 65 farmers, at eight farmers' markets in Maine indicated that social factors, such as enjoyment, bringing family, and talking with farmers about product seasonality are more significant influences on consumer spending than income levels. Similarly, vendors indicated that interacting with customers was a more important motivator for direct marketing than increased profitability however, surveyed farmers reported household incomes significantly higher than the national average for farmers. Through direct farmer/consumer relations, farmers indicated a willingness to reduce chemical inputs to meet customer demands, suggesting that customer interaction has the potential to affect environmental quality. By understanding that consumers desire a connection to an environmental resource through their local purchases, policy makers and businesses alike have the opportunity to develop more sophisticated marketing approaches that incorporate local identities to encourage the economic, environmental, and social sustainability of local agriculture. Encouraging the production and consumption of locally produced products has the potential to maintain the public good features of agriculture as open space since farmers only produced on 40% of the land they owned.

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INTRODUCTION

As economies become globalized, product supply chains increase in length, spanning continents and cultures. This presents a challenge for business managers as they become increasingly removed from customer feedback, potentially becoming less responsive to changes in the market.² Consumers likewise are also increasingly separated from their products: the goods become anonymous as they are produced in socially and geographically distant locations.³ Ironically the social processes of globalization, as characterized here, have contributed to the re-emergence of products with local identities. Marketing for these local products, or products with characteristics of a specific place differ from commodity goods because consumers who seek out these products are looking for attributes not found in globally-produced commodity goods such as higher quality (freshness, for food), authenticity, and a sense of local community.

Food production has an obvious connection to geography and serves as an example for other products with spatial attributes. It is arguable that the social processes that occur in local markets are quite similar across products because of the social interactions among members of the community in the roles of vendors⁴ and consumers. Yet, it is that linkage of the product's place of origin *and* the market venue that make the product part of a local and relatively short supply chain. Increasingly farmers have found value in marketing their products as "locally grown" to consumers at farmers' markets across the U.S.⁵

The development of this type of local market has added value to farmer sales and generated economic activity with potential social and environmental benefits for the community. The physical attributes of their economic activity, namely being a working farm has social benefits for the by community providing agricultural open-space, a public good that contributes to the scenic value of communities. This scenic quality may also be a source of additional value for these farmers if incorporated product labeling and promotion.⁶

Surveys of vendors and consumers at farmers' markets were developed to test the hypotheses that: 1) consumers recognize that their purchase of local food may contribute to local farm viability, 2) consumers and producers exert influences on each other that may alter the kind of product offered and/or the agricultural practices used to providing a product, 3) consumers can be classified into meaningful groups that will aid marketing efforts, and 4) there is economic incentive for vendors to participate in local markets. These surveys were implemented during two weeks in August, 2004 after being reviewed by the Maine Department of Agriculture.

By providing the consumer data in different segments, market vendors and the Department of Agriculture will be able to increase the efficiency of their marketing efforts. Likewise, business managers with a keen eye to the external benefits of their local production may be able to capitalize on the added value of marketing with local place identities. Future applications of these concepts in marketing should recognize that that these different consumer groups have sophisticated attitudes concerning place, community, and their personal identities and derive value from these interactions because of their of authenticity and personal relationships.

² (Stalk Jr. 1988)

³ (Lyson, Thomas A. & Green 1999)

⁴ Not every vendor is a farmer, some are artisans, crafters, or bakers.

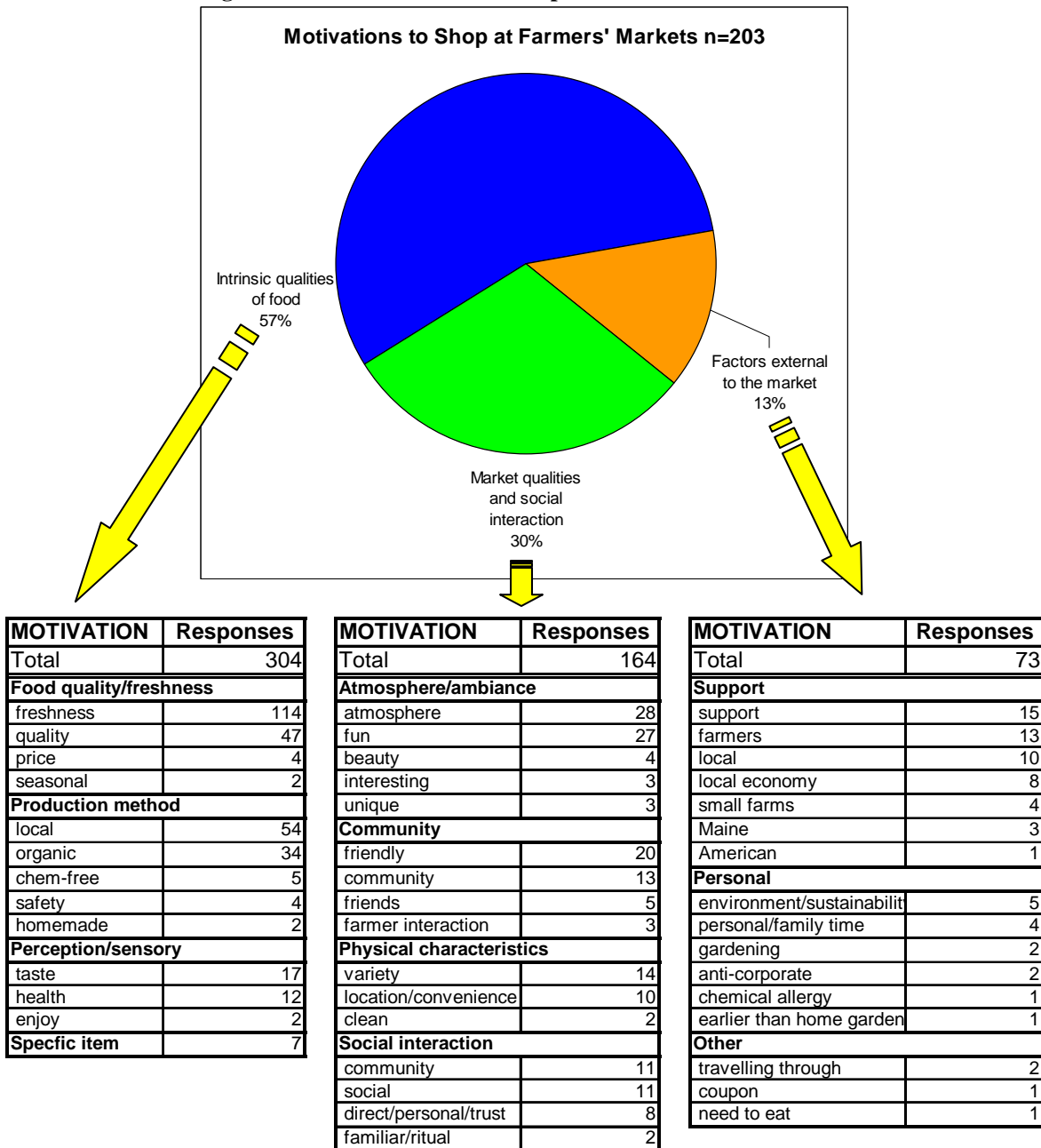
⁵ (Payne 2002)

⁶ (The Countryside Agency 2004; Peak District National Park Authority 2005)

SUMMARIZED RESULTS AND IMPLICATIONS

- Consumers indicated a high degree of importance that their purchases help the farmer and support the rural economy.** While food quality may be the main appeal to shop at the markets, the notions of helping the farmer and supporting community resonated strongly and would be useful as marketing messages (Figure 1).

Figure 1. Consumer reasons to shop at farmers' markets.



- **Consumers have fun at farmers’ markets** and often bring family and friends with them. Emphasizing these aspects of the markets, and local agriculture in general, will only bolster the appeal of the quality products being offered at the market. Promoting the markets as a form of “recreational shopping” may attract new customers and capture entertainment dollars.⁷
- **Segmenting consumers revealed three different groups of consumers.** The largest of the groups, the “Lifestylers,” are highly motivated by food quality and the market’s social aspects. The next largest of the groups, the “Seasonal Shoppers,” are interested mostly in just seasonal fruits and vegetables having less interest in the social aspects for the market. The smallest of the groups, the “Utilitarians” are primarily concerned about food quality, organic produce, and generally care the least about the farmer and the community. Overall these groups indicate a high commitment to food quality, yet there is potential to increase the awareness of agriculture with the two smaller groups and their purchases of other non-produce products (Table 1).

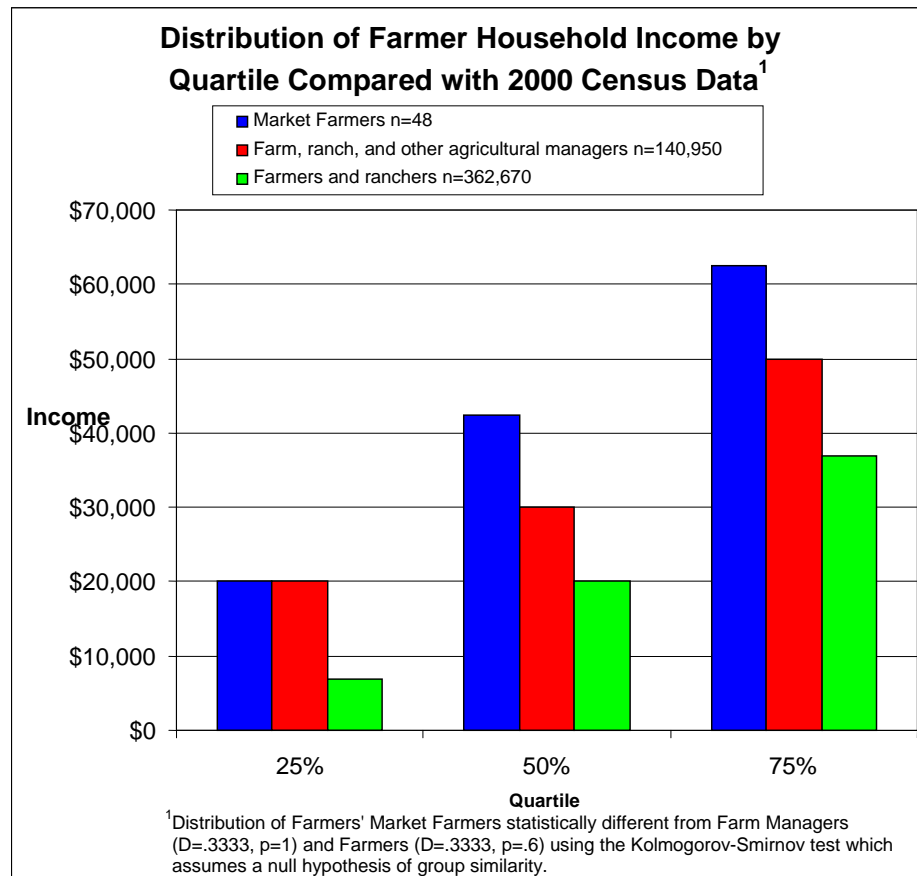
Table 1. Synopsis of Cluster characteristics.

Cluster Descriptions			
Cluster	Cluster 1	Cluster 2	Cluster 3
Name	"Lifestylers"	"Seasonal Shoppers"	"Utilitarians"
Cluster size (n)	151	55	5
Descriptive characteristics			
Miles from market	8.65	5.65	3.20
Age (average)	47.26	52.55	67.60
Household size (average)	2.66	2.33	1.80
Children under 18	34%	22%	20%
Income (average)	\$74,169	\$89,531	\$83,500
Attitudes			
Chemical concerns	95%	58%	0%
Contact with farmer important	85%	36%	0%
Quality most important	51%	74%	25%
Organic most important	30%	17%	33%
Help Farmer most important	30%	14%	33%
Market not convenient	19%	36%	20%
Behavior			
Would visit farm	83%	65%	60%
Visited farm	52%	35%	60%
Market a family event	62%	47%	80%
Spending per visit	\$24.42	\$20.47	\$23.00
Purchases			
Vegetables	94%	89%	100%
Fruits	83%	80%	80%
Flowers/plants	59%	45%	60%
Dairy	40%	25%	20%

⁷ (Hopkins 1998)

- **Consumers demonstrate a willingness to connect their local food purchases with the provision of agricultural open-space.** This represents a new marketing angle for local food products and may be a way to attract new customers.
- **Interactions between consumers and producers are socially embedded.** These interactions are important motivations for both producers and consumers to participate in farmers' markets. This may allow market vendors some price flexibility and demonstrates the importance of customer service and positive customer interactions.
- **The farmers surveyed at the markets indicated higher household incomes than other farmers nationally (Figure 2).** These income distributions between the national average and surveyed farmers are statistically different. Farmer to consumer direct sales may have a positive financial impact for farmers; however other factors may contribute to these income differences, such as some market vendors being retired from a previous occupation.

Figure 2. Market farmer income compared with other farmers.



- **About half of surveyed farmers gained important feedback from consumers** that motivated a change in their products. Customer feedback can help to mitigate risk, by keeping farmers apprised of consumers concerns and allow farmers to quickly capitalize on emerging purchasing trends.

- **Only 40% of land owned by farmers was in agricultural production.** By purchasing from local farmers, *consumers are supporting land not in production*. In effect, this is a market-based subsidy for open space, and represents a privately managed public good.
- **Using the environment as a selling point** and practicing low-spray chemical applications are linked with farmers changing products to meet consumer demand. Thus, consumer feedback to farmers, as a form of oversight, has the potential for positive improvements in on-farm environmental quality.

RECOMMENDATIONS

Interpreting the attitudes and desires of consumers for the benefit of market vendors as marketing messages, or even marketing advice, will help to improve efficiency in attracting consumers. Employing methods that emphasize the importance of consumer and farmer interaction through images that convey a sense of the farm operation and landscape and constructing a story about the operation, there is the potential for vendors to increase their value by customizing the shopping experience for consumers. While these ideas are simple in concept, they are important for generating a sustainable source of competitive advantage through differentiation, not by product alone, but by incorporating the unique details and histories of their operations that cannot be replicated by other vendors. By constructing new ways to communicate value in the experience of visiting farmers' markets, producers have the opportunity to attract new customers. Being local is an absolute competitive advantage for these producers, and because of their locality, has the potential to affect local scenic and environmental quality. In this way, a rural identity can be applied through market means to contribute to the overall identity of the community generating value for other businesses and the community.^{8,9} By using the social values of place and applying those values as marketing signals *with economic worth* there is the potential to retain that community's identity¹⁰ and capitalize on the marginal value of that identity.

- **To reach new consumers, new connections need to be made.** Connecting local agricultural goods to the local provision of open-space preservation is one possibility to attract new consumers, and is an idea that consumers already accept.
- **Encourage local farmers to differentiate themselves from commodified food products,** and each other, by customizing the consumer's experience of the market and their products. This could be through product labeling, specialty products, or even simply overtures to an agricultural landscape. For local markets, proximity to consumers *is* value, and represents a comparative advantage over producers who rely on long supply chains. This proximity translates into transparency codified in the sense of community, giving consumers the option for oversight on production methods, as in Figure 3.

⁸ (Gruffudd 1994; Hopkins 1998)

⁹ By increasing their open space, King and Andersen (2004) noted that Vermont communities experienced a gain in tax revenues, suggesting that the desirability to live in those town increased as open space increased (King & Anderson 2004).

¹⁰ (Lyson, T. A., Gillespie, & Hilchey 1995)

Figure 3. Vendor sign encouraging on-farm visits. Portland, Maine.



- **Developing business plans with farmers that incorporate economic and environmental sustainability will help to preserve the value of the protected land,** help avoid farm failure, and potentially encourage practices that reduce environmental damage. State and local governments have an incentive to internalize the environmental and economic benefits, while non-governmental organizations, like land trusts have an incentive to maintain the quality of agricultural open-space.
- **Vendors need marketing support.** Two-thirds of surveyed vendors (65%) indicated a need for marketing assistance and a quarter (24%) wanted assistance in the form of informal or workshop training. Using the expertise of a Department of Agriculture's marketing arm to train vendors in product marketing may be a cost-effective way for States to support these needs, without increasing their advertising budgets.
- **Maintaining or increasing the economic viability of farmers by promoting relatively high-value local markets should contribute to open-space preservation.** With global commodity prices decreasing, and agricultural production subsidies being phased out due to World Trade Organization obligations, preserving *value* in production is crucial to long-term economic viability.

Marketing Authenticity to Sophisticated Consumers

The benefit for local vendors is in developing an identity with their place of production that allows them to capture a price premium. This place identity, being geographically rooted, has limited substitutability and is difficult to reproduce by outsiders.¹¹ If the value in this type of promotion originates from the physical characteristics of the landscape, there is a case for

¹¹ (Winter 2003)

conserving the landscape to protect the value earned from promotion. In this way, local “branding” and labeling have contributed to rewarding sustainable private land uses within the Peak District National Park in England.¹² The “Environmental Quality Mark” program is a product labeling program that farmers within the park whose practices are certified as sustainable are able to use a label which incorporates images of the natural resource and has the ultimate benefit of commanding price premiums.¹³

In the context of a globalizing economy being local can help producers differentiate their goods, add to the culture of a community, and offer consumers a sense of connection to place. Consumers who respond to these messages and value locality are highly educated and show a special interest in local products. Because of their sophistication, applying a place identity abstractly to commodity goods would likely falsify or cheapen the identity and erode its value.¹⁴ Customer testimonials, hand-made signs, pictures of a farm, and a vendor’s willingness to talk about his or her operation or business are examples that promote the authenticity of place. The identity of place, once consumed, contributes to that person’s identity and his or her ability to identify with the community.¹⁵ In this way, much of the value of local originates almost by default from not being a commodity, thus efforts to commodify local identity likely will fail at producing the authenticity of that identity. Respect for the customer’s value of this identity is integral in the establishment and careful management of a place-based marketing approach for local products that have value as both public and private goods.

¹² (Peak District National Park Authority 2005)

¹³ (The Countryside Agency 2004)

¹⁴ (Halfacre 1997)

¹⁵ (Munro 1996; Warde 1997)

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