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**A Marketing Systems Approach to
Removing Distribution Barriers Confronting
Small-Volume Fruit and Vegetable Growers**

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A Marketing Systems Approach to Removing Distribution Barriers Confronting Small-volume Fruit and Vegetable Growers

By

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IFAFS-USDA Grant

Multi-state Project

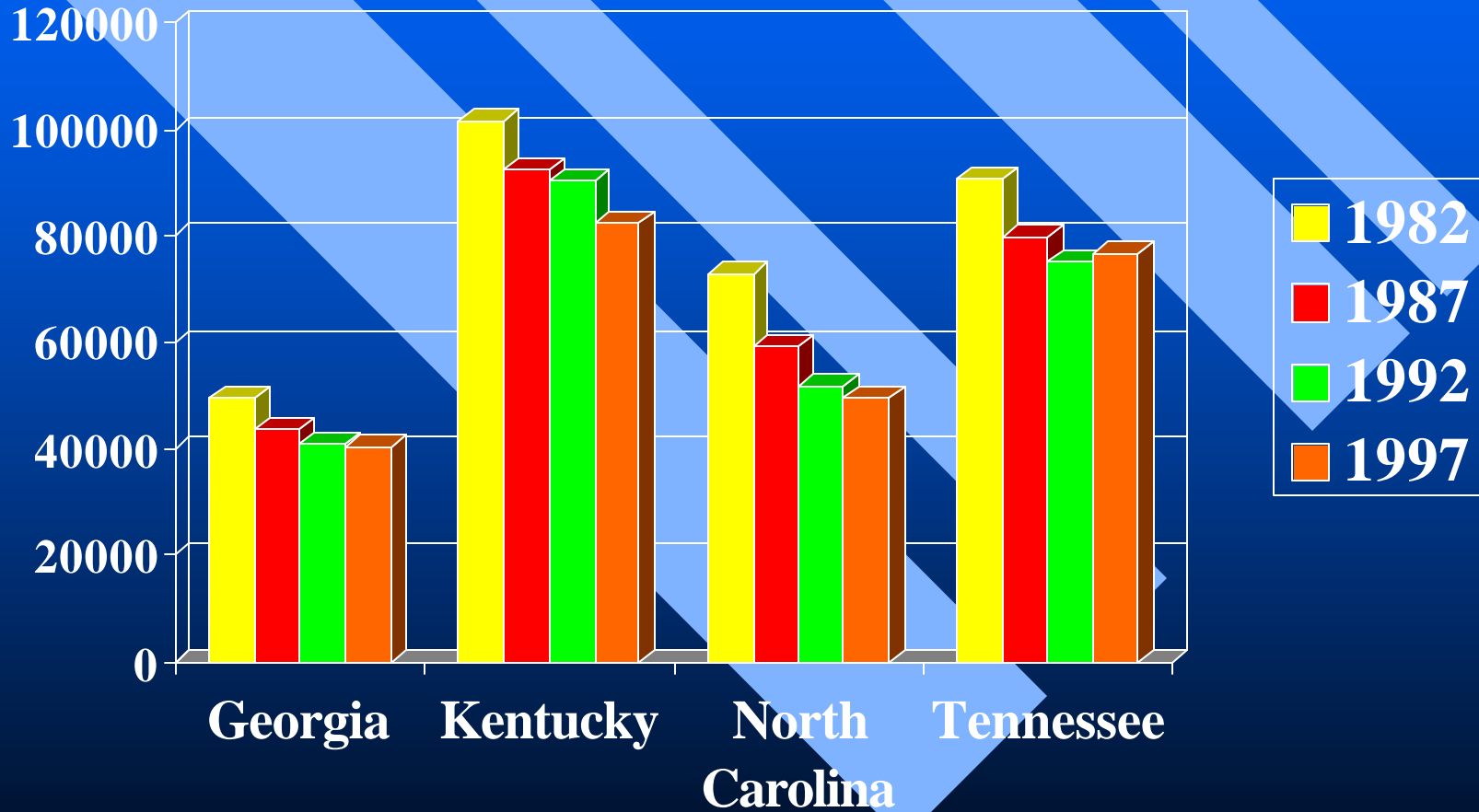
- Georgia, Kentucky, North Carolina, Tennessee
 - Prevalence of small scale farms
 - Reliance on tobacco as a cash crop
 - Comparable growing season
- Some dichotomies exist between Kentucky and Tennessee versus Georgia and North Carolina
- Extensive look at all participants in 4 states

Introduction

- Three national trends
 - 1. Toward a bimodal distribution of producers.
 - 2. Reduction in the number of farms, particularly small enterprises.



Number of Farms



Source: 1992 and 1997 Census of Agriculture

Introduction

- Three national trends
 - 1. Toward a bimodal distribution of producers.
 - 2. Reduction in the number of farms, particularly small enterprises.
 - 3. Consolidation in the food marketing system.

Current Situation

- Favors larger growers
- Stricter guidelines / costs more
- Purchasing requirements
- Larger retailers expanding



Objectives

- Specific objectives include:
 - Gather relevant information via grower surveys and interviews with key participants involved in produce marketing in the four states.
 - Subsequent analyses and interpretations will be used to create recommendations for market development.

Approach

- **Grower interviews**
 - Mail-out questionnaire
 - Meetings
 - Personal
- **Marketing agent interviews**
 - Wholesalers, distributors, brokers, etc.
 - Personal
- **Market manager interviews**
 - Farmers markets
 - Personal
- **Extension agent interviews**
 - Predominant fruit and vegetable counties across states
 - Personal
- **State Department of Agriculture**
 - Market development
 - Promotions
 - Personal

Results Expected

- Two significant end products
 - The project will permit a definitive study of the simultaneity factors that comprise barriers to product market development. The entire thrust of this phase of the project is to identify the barriers so efforts can focus on deleting them.
 - Guidelines for market development. Data gathered in the project and presented in the document will identify the barriers, including simultaneity factors that must be overcome, and will contain a sequential decision-making structure that can be used by public or private agency/groups to evaluate expansion options and make recommendations.

Growers

- Generalizations
 - Sent out approximately 1600 surveys
 - Identified growers with help of county agents
- Preliminary results
 - 53% interested in expanding operation
 - Extension and other growers are source of information for growing and marketing

Growers, cont.

■ Preliminary results

- Limiting factors: harvest labor availability and market outlets
- Price and small volume inhibit wholesaling



Marketing Agents

■ Generalizations

- Surveyed wholesalers, distributors, brokers, retailers, etc.
- Evenly distributed across state

■ Information looking for

- Ranking of factors when buying fresh produce
- Experiences dealing with local growers
- Future demand of fruits and vegetables
- Problems in purchasing local produce

Marketing Agents, cont.

- Preliminary results
 - 83% purchase local produce
 - Clients
 - » Company retail outlets = 46%
 - » Independent grocers = 23%
 - » Institutional/restaurants = 60%
 - » Other distributors = 23%

Marketing Agents, cont.

- Perceptions of local growers
 - Not consistent
 - Do not provide adequate volume
 - Can grow products buyers want
 - Accept fair prices
 - Understand market conditions

Market Managers

- Generalizations
 - Surveyed individuals at farmers markets
- Information looking for
 - Marketing activities
 - Promotion methods
 - Facilities
 - Support received

Market Managers, cont.

- Preliminary results
 - Retailing is primary activity
 - Markets are owned by city or county and partially supported
 - Plan to promote more this year
 - » Radio broadcasts
 - » Newspaper advertisements
 - » Websites
 - Promotion tactics
 - » Events
 - » Brochures
 - » Television
 - » School tours
 - » News media
 - » Educational materials

Market Managers, cont.

- Approximately 325 growers use these three markets
- 27 permanent vendors
- Range of products sold



Extension

- Information looking for
 - What information are growers asking for
 - How informed agents are in produce marketing
 - What programs are available in both production and marketing



Extension, cont.

- Preliminary results
 - Most requested information
 - » Pest control recommendations
 - » Soil testing recommendations
 - » Variety recommendations
 - » Irrigation systems recommendations
 - » KY growers – market development and value-added
 - Decreased staffing in TN increasing or remaining the same in KY
 - Emphasis on market development in KY
 - Few organic programs
 - Need for marketing related information

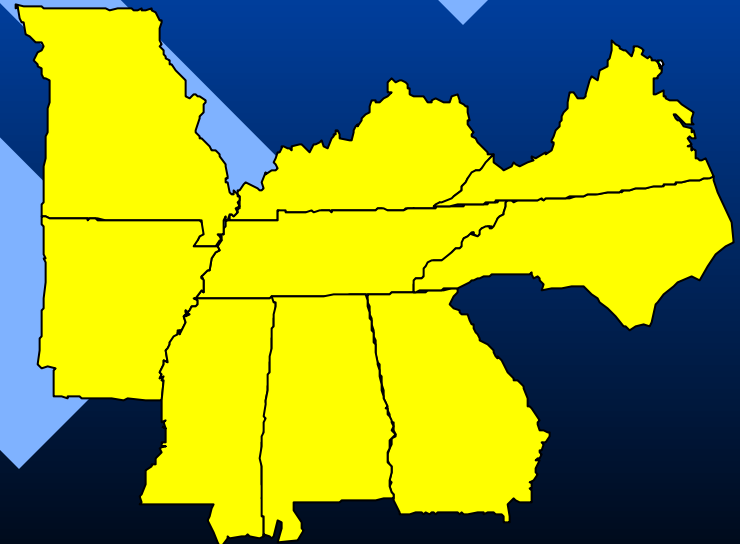
State Departments of Agriculture

■ Generalizations

- Surveyed marketing specialists, promotions directors, etc.
- Extended boundaries

■ Information looking for

- State promotions
- Promotion budgets
- Farmers market support



State Department of Agriculture, con't.

■ Preliminary results

- 4 out of 6 have state promotion program
- Funding has been decreasing or stagnant for all with the exception of 1
- 3 states have state supported farmers markets
- Proactive approach to state promotions

Expected Results

- Ways to overcome simultaneity problems
- Develop a description of public sector involvement in market development
- Describe types of marketing firms within each state
- Identify grower attitudes and perceptions

Questions

