

Is Local Food Affordable for Ordinary Folks? A Comparison of Farmers Markets and Supermarkets in Nineteen Communities in the Southeast

Anthony Flaccavento, SCALE, Inc

November 1st, 2011

Introduction

The “local foods movement” has been growing rapidly for the past decade or more, reaching communities in nearly every part of the United States. As consumers have become more health conscious and a variety of federal programs have recently begun to support this trend, people from all walks of life have begun to shift their food expenditures to farmers markets, CSAs, local grocers and other types of “farm-to-consumer” direct purchases.

Farmers markets have been at the forefront of this growth in local foods, increasing in number from 1,750 in the mid-nineties to more than 7100 in 2011 (USDA Agriculture Marketing Service). While the best known farmers markets are in larger cities like New York, Washington, DC and Seattle, there are in fact hundreds of markets in the southeastern US, Appalachia and other areas comprised predominantly of small to medium sized towns and rural areas.

As the local foods movement has grown, some have begun to criticize it as “elitist”, with expensive foods largely unaffordable for working people, seniors on fixed incomes and the poor. Farmers markets in particular have increasingly been cited for this criticism.

Growing out of both the success of farmers markets and this growing criticism related to their affordability, SCALE, Inc undertook a survey and analysis of farmers markets in six states in Appalachia and the Southeast during the months of September and October, 2011.

Summary of Findings

This study looked at 24 farmers markets in 19 communities in six states: Virginia, Tennessee, West Virginia, Kentucky, North Carolina and South Carolina. Communities ranged from under 10,000 in population to over 250,000. Key findings of this study included:

1. Overall, *farmers markets in the Southeast and Appalachia are highly competitive with mainstream supermarkets* in their pricing on a range of commonly consumed foods, including produce, meats and eggs.

2. In 74 % of communities examined, *produce was less expensive at farmers markets* compared with supermarkets, on average by 22%.
3. In 88% of communities, organic produce – when available - *was less expensive at farmers markets compared with supermarkets*, on average by 16%.
4. *Meats and eggs as a group were more expensive at farmers markets in every market* where they were available. This difference was small – 10% - when comparing grass-finished/free range meats in both types of markets, but much larger – 47% - when comparing grass-finished meats at farmers markets with conventionally raised meats at supermarkets.
5. **Overall cost:** Simply comparing the least expensive item available in either market (for example, a free range chicken with a conventionally raised chicken), *farmers markets were more expensive than supermarkets 52% of the time; the same or less expensive 48% of the time*. When comparing “apples to apples”, that is to say, when the lowest priced comparable item was used for comparison, ***farmers markets were the same or less expensive than supermarkets in 74% of all cases, by an average of 12% lower cost.***

Methodology

Data was gathered at 24 farmers markets in 19 different communities, looking at product pricing on a range of fresh produce, eggs and meats. Pricing on the same (or most closely comparable) items was then gathered from 2 major supermarkets in that same community, during the same week.

The intent of this analysis was to examine the relative affordability of farmers markets for “ordinary” people, that is to say low, moderate and lower middle income consumers. Thus, the items selected for cost comparison were weighted towards more common or everyday foods, including produce items like tomatoes, bell peppers, cucumbers, apples, zucchini, butternut squash, potatoes, etc. For meats, information was gathered on ground beef, chicken, eggs, and in some cases, breakfast sausage and beef roasts. A full list of the items selected is contained in the appendix. Those doing the data gathering were given some flexibility as to specific items, selecting from a larger list of commonly eaten foods, depending upon what was available at specific markets.

For each item, pricing was collected from every vendor who carried the item. The median price on that item was then determined for each market. Where available, pricing on organic items was tracked separately and the same process used to determine the median price for each one of these.

Supermarkets chosen for the cost comparison were for the most part mainstream, including two national chains, Kroger and Food Lion, two regional chains, Ingles and Food City, and to help compare organic prices, two specialty chains, Whole Foods and Earth Fare. One IGA was also used in the study. The vast majority of the supermarket data comes from the first four, mainstream supermarkets. For each pair of supermarkets, prices were used from the less expensive of the two, thus biasing the pricing comparison somewhat in favor of the supermarkets (based on the assumption that cost-conscious consumers would generally choose the lower cost supermarket to the degree possible). This was also true for pricing on organic items.

Once data was collected from the farmers markets and nearby supermarkets, a comparison was made of the total cost of all items at the separate markets.

One of the challenges in this study was “comparability” or the risk of comparing “apples and oranges”. This was a problem much more so with meat items than produce, as nearly all of the farmers market meats were “grass-finished”, “free range” (in the case of eggs and chickens), or “pasture raised” (in the case of pork). In several communities, the supermarkets did not carry some or all of these types of meats and eggs, so comparison could only be made between the grass based meats at the farmers market – which are nearly always more expensive in any market – and the conventionally raised meats in the supermarket. Where both types of meats were available at supermarkets, an extra level of comparison was drawn.

Another challenge was simple finding enough products from which to choose at each market. This was a reflection in some cases of later arrival on the market day, when some vendors had already sold out of several items. In other cases, the data was not gathered until early October, when overall product availability is generally lower at markets in the region. This is also why fall crops – sweet potatoes, butternut squash, potatoes, kale, etc – were also included on the list.

Limits of the Study

This study points to a strong and relatively consistent trend among farmers markets in Appalachia and the Southeast: They are generally price competitive with supermarkets in overall pricing, and usually less expensive when it comes to produce and organic produce. However, more towns and cities should be surveyed in the region, preferably during the “peak season” of July – August to test the findings of this analysis.

Additionally, this study does not attempt to draw conclusions about the relative affordability of farmers markets in other regions of the country, let alone nationally. Some parts of the country may echo these findings, while others may come to very different conclusions.

Additional findings and observations

1. In this sample, farmers markets in larger cities (100,000 or more in this region) were more expensive overall than supermarkets in 2 out of 4 cases, lower in 1 of 4, and virtually the same in 1 of 4 (Using the measurement of overall cost of comparable products). Even in the two cases where these markets were higher, it was by relatively small margins of 12% (Lexington, KY) and 5% (Charleston, SC).
2. Among medium sized towns of 40,000 – 99,999, overall pricing at farmers markets were virtually the same as supermarkets in 2 of 5 cases (Greenville/Spartanburg, SC and Chapel Hill, NC), slightly higher in 2 of 5 cases (Charleston, W VA by 5% and Charlottesville, VA by 3%) and slightly lower in 1 of 5 cases (Asheville, NC by 5%).
3. The relatively high cost of free-range chickens at every farmers market that offered them significantly increased the cost of meats at farmers markets relative to supermarkets. Free range chickens are very popular at many markets in the southeast and Appalachia and most producers sell out consistently, usually quickly. Thus the price is clearly considered reasonable, or at least worth the extra cost, by a substantial number of consumers. Nevertheless, in this analysis the cost of a chicken – generally \$4/lb, multiplied by a 4 pound bird, or \$16 – was by far the single biggest contributor to higher costs for farmers market meats (By comparison, most conventional chickens at supermarkets were from \$1.29 - \$1.49 per pound, for a total cost of \$5 - \$6 per chicken; most supermarkets in the study did not offer free range, whole chickens). Ground beef, by contrast, was generally quite close in price, as were free range eggs and, when available, beef roasts and breakfast sausage. Had chickens not been included, the cost competitiveness of farmers markets would have been greater still.