DIRECT MARKETING/COMMUNITY FOOD SYSTEMS 9/18/96

Marketing and Farming in Today's Economy

by Don Villarejo

When I moved with my family from Los Angeles to Davis in 1975, there was no farmers market in town and the Davis Food Coop was operating out of a tiny storefront. Today, our farmers market is the single most important social space in the city and the Davis Food Coop is now located in a former Safeway outlet.

The remarkable growth of farmers markets throughout the nation is one of the success stories of community food systems. However, the purposes served by urban direct markets may be quite a bit more diverse than previously realized.

To illustrate, last month a delegation of Japanese coop leaders toured California and visited both the Davis and the San Francisco farmers markets. After their tour, the visitors observed that the San Francisco market was primarily a place where people purchased food while the Davis market was primarily a social space. The re-creation of community social space in the heart of fiercely individualistic suburbia may be a more significant factor in the success of some farmers markets than we may have recognized.

Another possibly unrecognized component of the successes of direct marketing is that it is a key component of economic development strategies being pursued by some groups of new farmers, as was the case in the early days of the current surge of organic farming. But other groups of new farmers are using this strategy as well. Back in the late 1970s, as part of the Rural Economic Alternatives Project (REAP), Mack Warner and his colleagues started the first contemporary farmers' direct market in Stockton, a small city located in a county that is a major center of small-scale farming. At that time Stockton had received a large influx of Southeast Asian refugees displaced by the collapse of the U.S. intervention in Vietnam. A surprisingly large fraction of the farmers who joined the new Stockton Farmers Market Association were these refugees, although most of these "new" farmers had farmed in their homeland before they were evacuated by the departing Americans. The Stockton market was a huge success.

A few years later, members of the REAP committee decided to survey farmers participating in the Stockton market to determine the economic role of direct marketing in their operation. The result was staggering. One in four farmers said that the income they obtained from their direct market sales was decisive in their ability to continue farming. For many Southeast Asian refugees, whether it is the roughly seven hundred families now farming in the Fresno area or those near Merced, Modesto or Stockton, direct market sales, including roadside stands, U-pick or farmers markets, have been a vital part of their overall economic strategy.

At the same time it is sobering to measure the extent of farmer participation in direct marketing. Every five years all U.S. farmers provide detailed economic profiles of their farms as part of the Census of Agriculture. In 1982, there were 143,492 farmers who reported selling crops and livestock directly to consumers. By 1992, the year of the most recent agricultural census, just 86,432 farmers reported direct sales. In other words, in ten years there has been a decrease of some 40% in the number of U.S. farms who reported participating in direct marketing. Equally significant, there was a 20% decrease in the reported total value of direct sales by farmers, from roughly $500 million dollars in 1982 down to just over $400 million dollars in 1992 (these figures are in nominal dollars, no account has been taken of inflation).

We do not have a good understanding of what changes in direct marketing have actually

occurred in recent years. If the Census data is correct, have the number of farmers operating roadside stands, U-pick or other on-site markets declined, while the number participating in farmers markets increased? Perhaps most important, do we have a solid understanding of the economic role of direct marketing in today's agriculture?

On the consumer front there is some good news. Annual per capita consumption of fresh fruits and vegetables has now reached 300 pounds, a 45% increase in twenty years. In response, over the past twenty years, U.S. production of fruits and vegetables, measured in tons of product, has increased by 70%, driven largely by increased consumer demand both here and abroad.

However, as Popkin and colleagues have demonstrated in their recent publication, there is a sharp variance of dietary trends among population sub-groups, and the strongest variation correlates with socio-economic status. Generally, lower status groups show the smallest changes in diet over a 20 year period.

An important corollary of this trend toward more fresh fruits and vegetables is that many consumers today expect to have fresh salads and fruit available to them on a year-round basis. Even some fast food outlets now offer these choices and the food service sector has become an important area of growth for the produce industry. The conventional food sector has also responded to this heightened consumer demand by securing year-round supplies of fresh fruits and vegetables, triggering a globalization of trade in these items. We now import grapes from Chile during the northern hemisphere's winter season. California has benefited greatly from year-round production. For example, the west side of the San Joaquin Valley is the only place in the U.S. where commercial shipments of lettuce originate during certain months of the year.

Some find it ironic that fresh salad mixes, once available only at farmers markets or food coops, are today one of the hottest "new" items within the conventional produce industry. Last year, sales of packaged salad mixes was nearly one billion dollars, a 68% increase over 1994.

Another challenge we face is the shift in the pattern of consumer purchases of food. Today, more than 40% of consumer food dollars are spent on meals purchased at restaurants or fast food outlets, roughly twice the fraction of a generation ago. It is likely that changes in American life style, including the sharp increase of multi-earner households, have resulted in less time available for traditional forms of food preparation. We know little about how patterns of meal-time may have changed. Is the dinner hour still a household social time or are more people eating alone?

Lastly, our thinking has yet to take account of the changes in U.S. agriculture that are occurring on with breakneck speed. First, and most important, our agricultural system has become remarkably concentrated in the last generation, and is becoming more so with each passing year. For example, in 1964, the biggest 100,000 farms in the nation produced about 1/3 of all U.S. agricultural commodities and earned about 1/6 of net cash income from farming. Today, the biggest 100,000 farms account for roughly 3/5 of all farm production and of net cash income from farming. As near as anyone can tell, this trend will continue.

As we learned in the case of the Stockton farmers market, community food systems - whether farmers markets, community supported agriculture or other innovations - may play a decisive role in determining whether specific small or medium scale farms are able to survive.

Corresponding to these changes in size concentration and in types of crop produced in the U.S., is a greater reliance on hired labor. While data for the nation as a whole is scant, California is one of the few states that does report employment data for both farmers and unpaid family members as well as for hired workers. Over the past forty years the share of our state's farm

work performed by farmers and unpaid family members has declined from 40% to just 15%. Today, more than 85% of all of our state's farm work is done by hired workers. In the nation as a whole at least 40% of all farm work is now performed by hired workers - there are even some indicators that suggest it is more than 50%. The overwhelming majority of hired farm workers in the U.S. are foreign-born, and in California the figure is more than 92%.

In summary, we can point with some pride to successes in community food systems, such as the re-creation of community social space, the vital role that direct marketing has probably played in the development of organic farming and in "new" farmer entry into agriculture, and especially in contributing to beneficial changes in consumer dietary preference. Clearly, the fact that the commercial food sector has adopted many of these innovations shows how valuable they have been. At the same time, our agricultural system has become greatly concentrated with respect to farm size. Equally important, with each passing year more and more of our nation's farm work is being performed by hired workers.

you might want to bring this up earlier

This conclusion seems incomplete. In general the speech seems as if it ended before it really got to the punch. Can you identify one point that you really want to make and emphasize it throughout the paper? Also you may want to consider leaving out the farmworker issues, which are not tied in well enough to make them seem relevant. This would give you more time/space to complete the thoughts on food systems and lead up to a stronger conclusion. I like the first half; it's the second half that loses steam.

Jenn