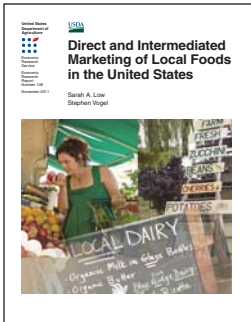


ERS *Report Summary*

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Direct and Intermediated Marketing of Local Foods in the United States

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What Is the Issue?

Despite increased production and consumer interest, locally grown food accounts for a small segment of U.S. agriculture. For local foods production to continue to grow, marketing channels and supply chain infrastructure must deepen. Information on U.S. local food producers and their marketing channels, however, is incomplete. New information on farmers that market foods locally and the marketing channels they use presented in this report could aid private- and public-sector efforts to support this sector of the agricultural economy. This report uses the 2008 Agricultural Resource Management Survey (ARMS) to explore farmers' use of both direct-to-consumer and intermediated marketing channels in selling locally produced foods to consumers.

What Did the Study Find?

- Marketing of local foods, via both direct-to-consumer and intermediated channels, grossed \$4.8 billion in 2008—about four times higher than estimates based solely on direct-to-consumer sales.
- Farms marketing food commodities exclusively through intermediated channels reported \$2.7 billion in local food sales in 2008—over three times higher than the value of local foods marketed exclusively through direct-to-consumer channels, and two times higher than the value of local foods marketed by farms using a combination of direct-to-consumer and intermediated channels.
- Small farms (those with less than \$50,000 in gross annual sales) accounted for 81 percent of all farms reporting local food sales in 2008. They averaged \$7,800 in local food sales per farm and were more likely to rely exclusively on direct-to-consumer marketing channels, such as farmers' markets and roadside stands.
- Medium-sized farms (those with gross annual sales between \$50,000 and \$250,000) accounted for 14 percent of all farms reporting local food sales in 2008. They averaged \$70,000 in local food sales per farm and were likely to use direct-to-consumer marketing channels alone or a mix of direct-to-consumer and intermediated marketing channels.
- Large farms (those with gross annual sales of \$250,000 or more) accounted for 5 percent of all farms reporting local food sales in 2008. They averaged \$770,000 in local food sales per farm and were equally likely to use direct-to-consumer channels exclusively, intermediated channels exclusively, or a mixture of the two.

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- Large farms accounted for 93 percent of the value of local food sales marketed exclusively through intermediated channels.
- For small and medium-sized farms with local food sales, more operators identified their primary occupation as farming and devoted more time to their farm operation than operators of similarly sized farms without local sales. Vegetable, fruit, and nut farms dominated local food sales.
- Direct-to-consumer sales of food commodities were affected by climate and topography that favor fruit and vegetable production, proximity to farmers' markets and neighboring local food farms, and access to transportation and information networks.
- The value of locally sold food is highest in metropolitan areas and is geographically concentrated in the Northeast and on the West Coast.

How Was the Study Conducted?

We used the 2008 ARMS data to analyze farmers' use of *specific* direct-to-consumer marketing channels (i.e., use of roadside stands, farmers' markets, onfarm stores, and community-supported agriculture arrangements) and *intermediated* marketing channels (i.e., farmers' sales to local retail, restaurant, and regional distribution outlets), but also farm characteristics and the value of sales for farmers engaged in local food sales. Data from the 2007 Census of Agriculture supported the spatial econometric model used to identify determinants of direct-to-consumer sales.