Creating a Regionalized Food System:

*New Consumer Research and Updated Direct-Marketing Data*

Direct food marketing has become a popular way for small to medium sized farmers to increase farm revenue. Kentucky alone has seen the number of farmers’ markets statewide increase 20% from 2004 to 2008, not to mention the growth in community supported agriculture programs. The popularity of value-added products is on the rise, and consumers are often paying a premium price for regionalized products. In an effort to provide more insight into this growing market, Dr. Tim Woods and Dr. Wuyang Hu are conducting the Kentucky Food Consumers’ Panel. The project is a series of online surveys among up to 1,000 households in Kentucky, to collect information about food consumption, marketing, prices, and perception in the Commonwealth.

Produce is regarded as an expensive category in the grocery, although margins for the retailer are slim due to the perishable nature and high distributor mark-up of the products. As fuel prices and mortgage rates increase, household food budgets are decreasing, and families are looking for more economical choices. According to data collected by the KFCP, 55% of panelists statewide reported the high cost of produce as a barrier to increasing consumption. In terms of additional barriers, more rural panelists reported a struggle with availability and taste preferences, whereas urban panelists experience a lack of preparation skills.

Communities are increasingly supportive of farmers’ markets, where produce is fresh and often less expensive. Food farmers are able to retain a higher percentage of the dollar when the supply chain is condensed, and consumers feel more connected to their food, thus creating a brand loyalty to “local”. The KFCP reported that 78% of panelists have been to a farmers’ market at least once in the last 12 months. Of panelists that have shopped at a farmers’ market six or more times in the last year, 45% live in a rural area, compared to 55% who live in an urban area. The average age of a farmers’ market shopper is almost 10 years younger than a non-market shopper (48 vs 59), yet the non-market shopper is 17% more likely to have children in the home.

In response to rising fuel costs, consumers are implementing many lifestyle changes. According to the KFCP survey, 65% of panelists statewide are cooking at home more often. Rural panelists seem to be more affected, with 60% making fewer grocery trips, compared to 45% of the urban panelists. With the increase in home cooking, farmers’ market vendors have a solid opportunity to grow their businesses. As consumers are condensing the number of shopping visits, farmers’ markets will need to provide a wide variety of products to ensure consistent and solid traffic.