Pricing of Atlanta’s Local Food
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Introduction

• Atlanta consumers are often unsure of the differences in price between produce sold at grocery stores and at farmers markets, as well as the reasons behind those differences

Anecdotally, it has been found that consumers in Atlanta and other places perceive that prices will be higher at farmers markets.

• This study aims to explore the prices of and factors affecting prices of local food in Atlanta

Methods

Price Study: Produce prices at two farmers markets and two grocery stores in DeKalb county were recorded every two weeks through February and March 2016 to compare their prices.

Results

Price Study

Price Comparison Between Farmers Markets, Publix and Earthfare

Conclusions

Produce at Grocery Stores cost less because:

• Industrial food is subsidized by the government

• Produce at supermarkets are often a loss leader

• Farmworkers abroad often do not make a living wage

• Many farmers intentionally price their product at or higher than grocery store prices

The direct to consumer market (farmers markets) keeps prices high because:

• The limited number of customers attracts small farms with small volume of produce

• Economy of scale, small farms sell at higher prices

• Higher cost of labor, farm owners have to run all aspects of the business themselves

Local farmers use creative solutions to price their products within an infrastructure that limits their market:

• Research what other farmers are charging, altering the amount per bunch rather than price per bunch and not undercutting other farmers in order to keep prices high

• Diversifying and extending their season in order to sell more to customers

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Interviews

Local farmers in the Atlanta area use creative solutions to price their products and turn a profit within an infrastructure that limits their market and favors industrial food

Infrastructure Problem 1: Prices at grocery stores do not reflect the “true cost” of production.

“If you go to Wholefood’s, they have local, organic produce which is great, but ... what are the conditions of the growers, the farmers that are actually toiling in the soil everyday? What’s their livelihood? ... Local food should cost more because local farmers pay more [to their workers].”

• Government subsidies

• Produce at supermarkets are often a loss leader

• Farmworkers often do not make a living wage

Infrastructure Problem 2: Domestic labor is more expensive than labor abroad

“I haven’t taken a vacation in 5 years, and my body is sore all the time, and there’s so many normal things that I don’t have because of the decision I made to do this farm. So I’m not even willing to entertain the idea that my produce is too expensive ever, because I literally cannot do it cheaper, and even have some semblance of a first world life”

Strategy 1: Local farmers have to run all aspects of the business themselves

• Use social media for marketing

• No specific method for estimating production

• Research farming methods using books and the internet

Infrastructure Problem 3: Local farmers are limited to selling direct to consumer, limiting their scale.

“[Farmers markets] are not a efficient use of time. It’s not as consistent, you can’t buy a volume, the harvesting and the packaging are less efficient”

“Who is not even having the opportunity to even have access? Rather than who is choosing not to buy.”

Strategy 1: Keep prices high

• Research what other farmers are charging

• Alter amount per bunch rather than price per bunch

• Do not undercut other farmers

• Check the price in the organic section of the grocery store

Strategy 2: Sell more to consumers

• Diversify

• Extend season

• Some factors would cause farmers to increase or decrease price

Recommendations

Expand the market that farmers can access:

In order for local food to expand and more effectively compete with industrial food, Atlanta’s local food infrastructure needs to change to support local farmers accessing larger and more diverse markets. By increasing the number of customers reached, local farmers can increase their scale, allowing them to charge lower prices than at farmers markets.

Aggregate produce:

By aggregating produce for sale, farmers may reach buyers such as institutions, universities or hospitals. Global Growers and The Common Market Georgia are alternative models that solve some of Atlanta’s infrastructure problems by aggregating larger amounts of produce. Global growers is a non profit that connects local immigrant families to land, education and markets, and sells at the Decatur and Freedom farmers markets on behalf of their farmers. The Common Market Georgia is a mission driven aggregator and distributor of regional farm food that sells to large institutions.

Do not increase the number of farmers markets:

However, increasing the number of farmers markets may not be effective because farmers may have to go to multiple markets to make the same amount of sales, which increases their cost.

Create financial incentives:

Financial incentive programs for customers allow farmers to reach more customers. For example, Wholesome Wave Georgia will double the value of SNAP dollars spent at producers only farmers markets.