



Developing a Price Comparison Study between Farmers Markets and Other Retailers

Brief No. 15 | March 2019

A series from the *Journal of Agriculture, Food Systems and Community Development* | www.FoodSystemsJournal.org

A summary of ***Toward an Applied Methodology for Price Comparison Studies of Farmers' Markets and Competing Retailers at the Local Scale*** by Joshua Long, M. Anwar Sounny-Slitine, Katherine Castles, Jillian Curran, Harrison Glaser, Ellen Hoyer, Whitney Moore, Lisa Morse, Molly O'Hara, and Ben Parafina published in the spring 2013 issue of the *Journal of Agriculture, Food Systems, and Community Development*, 3(3), 95–119. See the full paper at <http://dx.doi.org/10.5304/jafscd.2013.033.010>

Brief written by Ryan Stasolla, Cornell University, class of 2021

The issue

In recent years, American consumers have become much more concerned with the state of our food system. When evaluating one's food choices, people rely on deep-rooted values that consider agricultural origins, worker rights, animal welfare, farming techniques, and many others. Currently, there is a lack of research comparing the prices of qualitatively similar foods in a given area. If this information were made readily available to the public, consumer decision-making would be much easier. From a producer's perspective, a data comparison study like this would provide insight into creating business models that can better engage customer preferences.

Given this gap of knowledge in past price-comparison studies, this research would allow for a holistic assessment of the motivations and considerations of the contemporary shopper, as well as provide accessible data that can benefit farmers market producers and consumers. Previous experiments have had trouble creating an effective price-comparison study (PCS) due to limitations presented by differences in location, methodological mistakes, and bias. In searching for a set of reproducible methods on the basis of future PCS studies, several empirical and theoretical issues must be evaluated.

Study context and objectives

The motivation for this study came about from a wider experiment evaluating three farmers markets in Texas. Researchers ran into obstacles when they realized that existing PCSs were unreliable and inapplicable, failing to provide accurate information on pricing. In an attempt to create a reproducible standard for PCSs, background research first had to

be assessed. Past research made notable efforts in understanding the consumer motivations behind shopping at farmers markets. With an increase in demand for freshness, variety, value, and nutrition in today's society, farmers markets have been able to raise their prices with the standard of a "local food price premium." The public's interest in more locally sourced foods has created a shift in the world of food marketing. Therefore, evaluating people's food choices in our complicated retail landscape makes it very hard to conduct a PCS. With so many options to consider between farmers markets, farm direct markets, and supermarkets, studies that specifically compare quantitative price differences fall short of informative expectation. Results for this study will vary greatly according to geographic location and retail competition; this research was conducted near Austin, Texas, surveying different types of food suppliers. Three different study sites were gauged, each consisting of a nearby farmers market, conventional supermarket, and natural food market. For anyone considering conducting a similar study, it's suggested that having a large team is very helpful.

How the study was conducted

This research utilized surveys, price comparisons, and participant observations in order to draw conclusions about the experience of a local food shopper in the contemporary market. The survey consisted of 10 questions, two related specifically to the PCS. Participants were recruited and asked to answer the open-ended, qualitative questions in whatever way they saw fit. Price comparisons were noted in March and April 2012 on two separate accounts for each location. Prices were recorded for approximately 25 items and compared to the most similar food products at

the nearby natural and conventional grocery stores. Similarity was based on product origin and growing practices. Lastly, members of the research team engaged in several forms of observation to gather field notes on the buying habits of consumers.

Results and Discussion

■ **Survey Questions**

Survey responses were transcribed and coded into categories. In response to the question asking if items at the farmers market are more or less expensive than those at a local grocery store, over half the respondents thought farmers markets would be more expensive. Nevertheless, consumers value the transparency and dietary benefits of shopping locally. At least 95% of participants said they were willing to pay a premium for the sake of their food's quality.

■ **Price Comparison**

Between the different study sites, the price comparison experiments found wide variation in price, growing practices, and product origin. When comparing foods of different retail landscapes, growing practices proved to be the best point of common ground.


This research clarified that customer motivations, product availability, and the complexity of the food retail landscape must all be considered to have a successful PCS. It is important to provide consumers with more than just the price, because growing practices and product origin are crucial in evaluating potential purchases. Using this information, a future PCS can be further optimized to yield even more reliable results. Forthcoming studies should address the price differences of seasonality in our food systems. Additionally, a future PCS experiment ideally would measure the influence of convenience in consumer decision-making. If research in the field can provide these adjustments and gain an accurate evaluation of price-comparison data, then this information should be shared with consumers and producers.

Conclusion

This newer model for PCS considers consumer preferences and the expanse of choices when choosing between contemporary food suppliers. This reproducible solution provides needed details about origin, growing practices, and price for consumers and producers. With these results, customers can

reevaluate what foods they prioritize in their diets and what they will not sacrifice for a lower cost.

Furthermore, this information provides producers with valuable data about food choices that are fundamental to a business model. The methods for PCSs still have some room for improvement, however, with the need to consider seasonality, product origin, and retail location and/or convenience of location.

In addition, shifts in both the commercial food retail landscape and farm direct markets have occurred since 2012 that may influence future studies. These include trends such as the recent slowing in the growth of U.S. farmers markets (according to the U.S. Department of Agriculture's Agricultural Marketing Service survey), the increasing consolidation of regional and national grocery chains, and the recent rise in online grocery deliveries via e-commerce platforms. These changes may introduce new contextual issues for future studies. Future research should work to improve the model for PCS even further, in order to provide consumers and producers with more practical information about the state of the farmers market in our expanding food system. 

The *Journal of Agriculture, Food Systems, and Community Development* is an open access, community-supported journal published by the Thomas A. Lyson Center for Civic Agriculture and Food Systems, a project of the Center for Transformative Action (a nonprofit affiliate of Cornell University. foodsystemsjournal.org)



JAFSCD is grateful for the support of our **partners:**



and the **members of the JAFSCD Shareholder Consortium**

Contents copyright © 2019 by the Lyson Center for Civic Agriculture and Food Systems.