Market Research Update

Brittney Goodrich
Assistant Professor and Extension Specialist
Department of Agricultural Economics and Rural Sociology

SOUTHEAST ORGANIC PARTNERSHIP AT TUSKEGEE UNIVERSITY

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Market Research

- Objectives:
  - Determine the potential for further developing organic market within Alabama
  - Determine constraints producers face in certifying organic
    - Production, Marketing, Logistics, Financial
  - Determine purchasing preferences of consumers in major cities within Alabama

Market Research Methods and Progress

- Surveys:
  - Producer
    - In progress (≈35 useable responses)
    - Distributed online
      - Links sent via email listservs (ALFA, Extension, AFVFA) and direct
    - Paper surveys distributed at AFVGA conference (3 responses)
    - March issue of Alabama Farmer's Coop magazine will have link
  - Consumer
    - Still developing survey questions
    - Once developed, Qualtrics will distribute and solicit responses from 2,000 consumers in major cities in AL
  - Market Intermediary and Retailer
    - Still developing survey questions
    - Still developing list of intermediaries and retailers
    - Once developed, will be done via phone survey

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Welcome to the survey for the research study "**Market Chain Analysis of Organic Foods in Alabama**"

This study will provide valuable information regarding the potential for marketing and production of organic produce in Alabama. We want the perspectives of all fruit, vegetable and nut producers in Alabama. The survey will take approximately **15 minutes** of your time. We know your time is valuable so we appreciate your participation! Click here to download the full information letter.

Thank you!

Please select the items that you have produced on your farming operation within the last 3 years.

- [ ] Fruit
- [ ] Nuts
- [ ] Vegetables
- [ ] Livestock (Poultry, beef cattle, etc.)
- [ ] Traditional row crops (Cotton, peanuts, corn, etc.)
- [ ] Other

Are you a primary decision maker for your farm operation?

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Producer Objectives

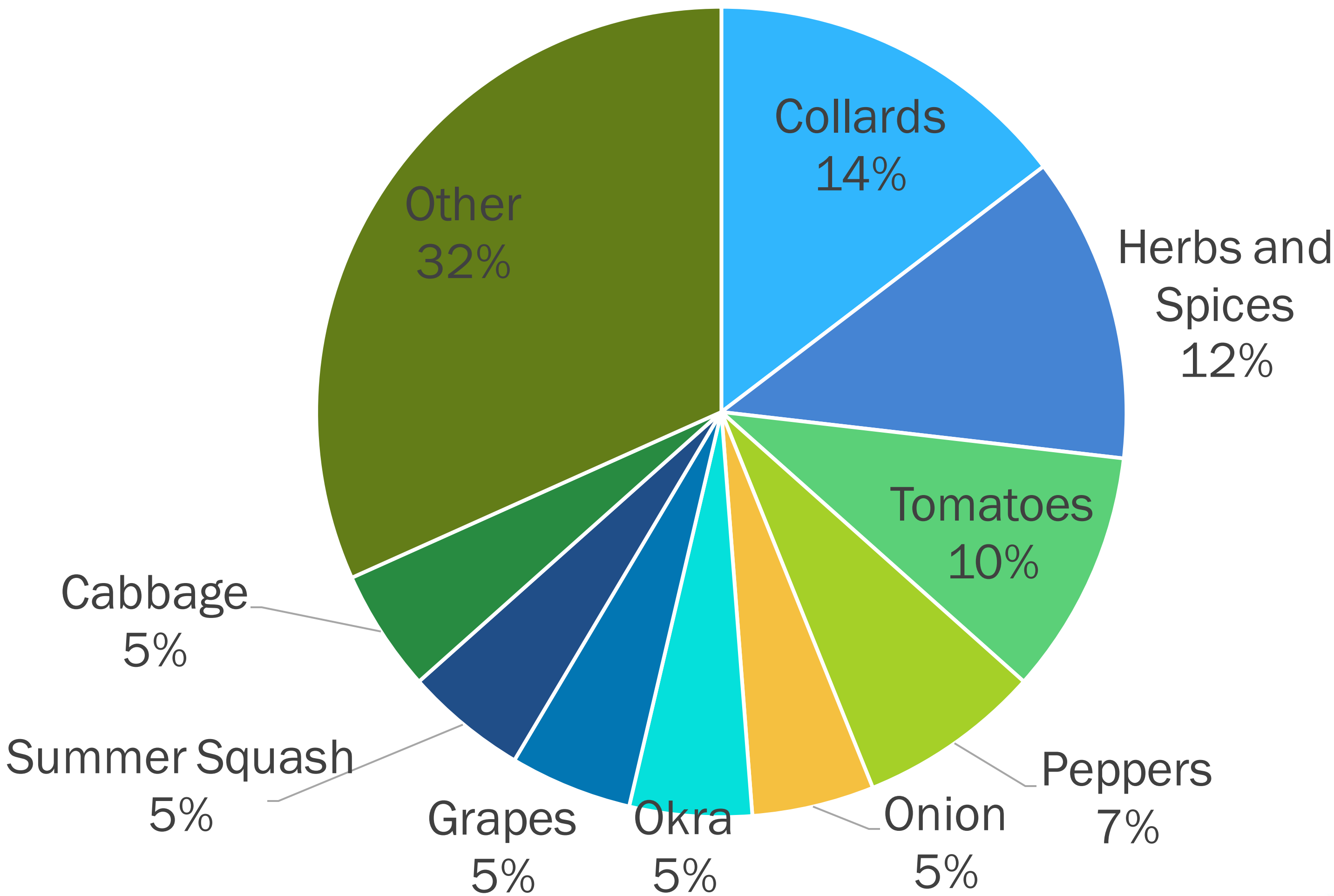
- What percentage of fruit and vegetable production is currently being produced with organic practices?
  - What percentage is Certified Organic vs. non-certified?
  - What is the potential for organic production in the future?
- What distribution channels are Alabama fruit and vegetable growers currently using for their produce?
  - How does this vary by organic practices vs conventional?
- What constraints do producers face in producing organic fruits and vegetables?
  - Certification, Marketing, Production, other
- Are conventional producers interested in entering the organic market?
  - What factors inhibit their entry?

What growing practices are used?

Number of acres, percentage of sales, and number of farms of fruits, nuts, and/or vegetables by growing practice categories (Total responses=33)

Growing Practice	Total Acreage	Average Percentage of Sales	Number of Operations
Conventional	292.3	26%	11
Organic-Certified	9.7	8%	4
Organic-In Transition	10.2	9%	4
Organic-Not Certified	89.7	37%	14
Certified Naturally Grown	7.5	6%	2
Naturally Grown-Not Certified	9.5	10%	4
Other	1	3%	1

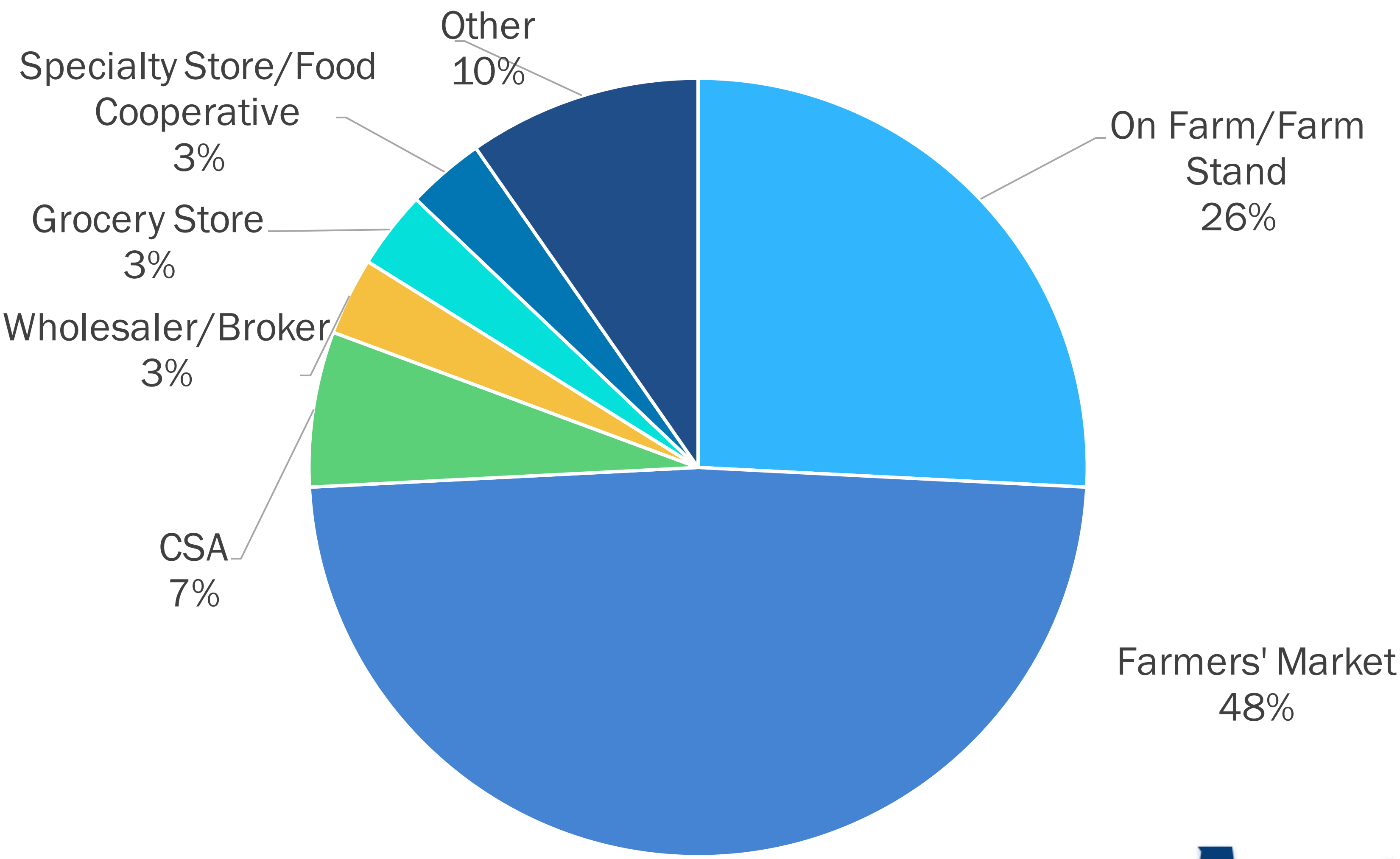
Top 3 Economically Important Organically Produced Crops



Marketing Channels

Marketing Channel	Conventional	Certified Organic	Non-Certified Organic	Certified Naturally Grown	Naturally Grown Not Certified
On Farm/ Farm Stand	89%	100%	50%	0%	50%
Farmer's Market	89%	67%	69%	50%	50%
CSA	22%	33%	13%	50%	50%
Internet/Mail	22%	0%	19%	0%	0%
Wholesale or Broker	33%	33%	19%	0%	0%
Grocery Store	11%	33%	19%	0%	50%
Specialty Store/ Food Coop	33%	67%	19%	0%	0%
Processor	0%	33%	0%	0%	0%
Other	0%	0%	31%	50%	50%
Total responses	9	3	16	2	2

Primary Marketing Channel



Barriers to Organic Certification

Potential Issues	Moderate or Severe Barrier	Not a Barrier	Unsure
Cost of annual inspections/maintaining certification	67%	13%	20%
Paperwork	67%	22%	11%
Initial cost of certification	66%	14%	21%
Loss of flexibility with respect to pest and disease treatments	50%	37%	13%
Lack of knowledge/information about certification process	50%	43%	7%
3-year organic transition period	46%	36%	18%
Loss of flexibility with respect to crop rotations and fertility	45%	41%	14%
Lack of nearby organic certifying agencies	41%	28%	31%
Interaction with organic certifier	32%	46%	21%
Short-term farmland rental agreements do not support organic transition	19%	52%	30%

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Production Barriers to Organic Certification

Comparison of organic production to conventional

	Organic less challenging	Organic equally challenging	Organic more challenging	Unsure
Insect-control	7%	21%	69%	3%
Disease-control	6%	29%	65%	0%
Weed-control	3%	23%	67%	7%
Fertility	21%	24%	48%	7%

Production Challenges

	Not a challenge	Moderate or Severe Challenge	Unsure or N/A
Labor intensity/ high labor costs	6%	81%	13%
High organic input costs (seed, fertilizer, pesticides)	10%	84%	6%
Difficulty acquiring organic inputs (seed, fertilizer, pesticides)	17%	72%	10%
High costs of equipment necessary for organic production	23%	60%	17%
Lack of knowledge of organic production practices	47%	40%	13%
Lack of resources for assistance with organic production (Extension agents, crop advisors, etc.)	42%	42%	16%
Difficulty producing retail quality organic produce	30%	50%	20%
Low yields	40%	43%	17%

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Marketing Barriers to Organic Certification

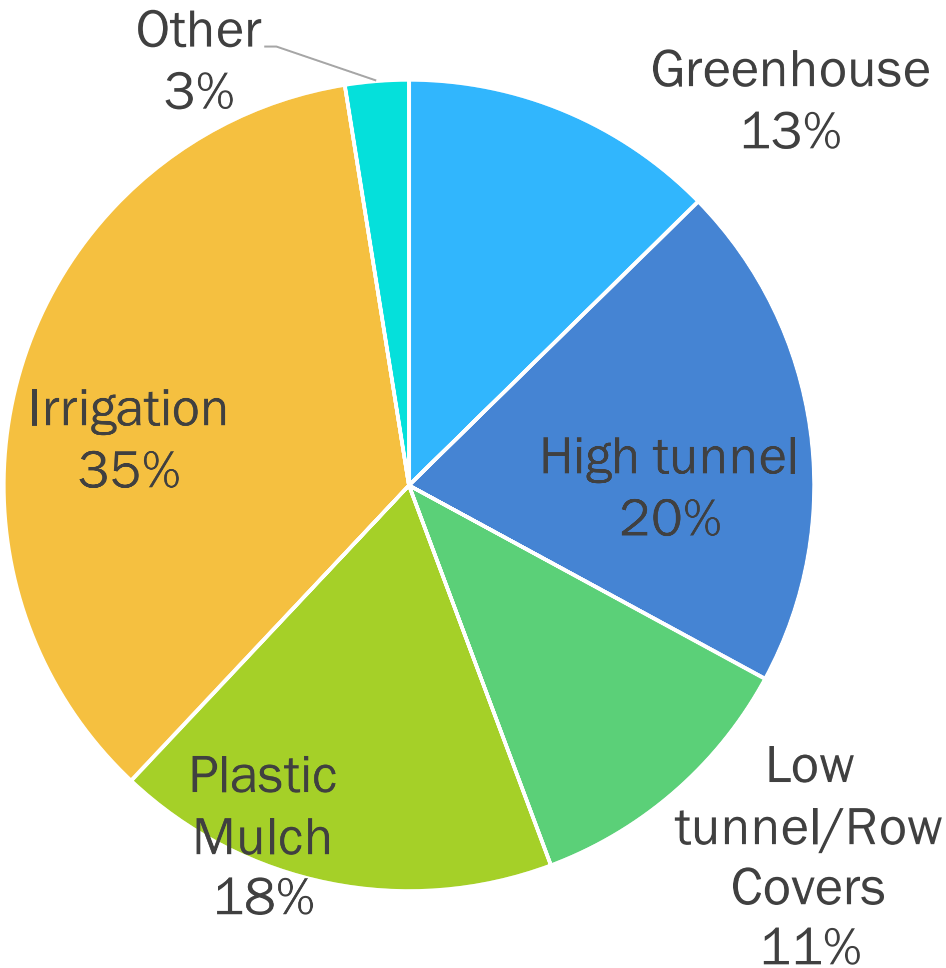
Issue	Moderate or Severe Challenge	Not a challenge	Unsure
Receiving consistent price premiums	75%	14%	11%
Finding reliable buyers	66%	34%	0%
Competition with conventionally-grown produce	64%	29%	7%
Obtaining organic price information	63%	20%	17%
Finding enough buyers to sell all produce	59%	38%	3%
Distance to markets/customers	52%	45%	3%
Providing visually-appealing organic produce	48%	41%	10%
Competition with non-certified organic produce	46%	43%	11%

Profitability

Statement	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Unsure or N/A
Certified organic production of fruits, nuts, and vegetables **is economically viable** for my operation.	16%	35%	10%	16%	23%
Non-certified organic production of fruits, nuts, and vegetables **is economically viable** for my operation.	35%	35%	13%	0%	16%
Certified organic production of fruits, nuts, and vegetables **is more profitable than conventional** production.	30%	17%	10%	17%	27%
Non-certified organic production of fruits, nuts, and vegetables **is more profitable than conventional** production.	10%	35%	16%	19%	19%

Responses 30

Season Extension



Responses 31 Other listed: Cold frames, Raised Beds

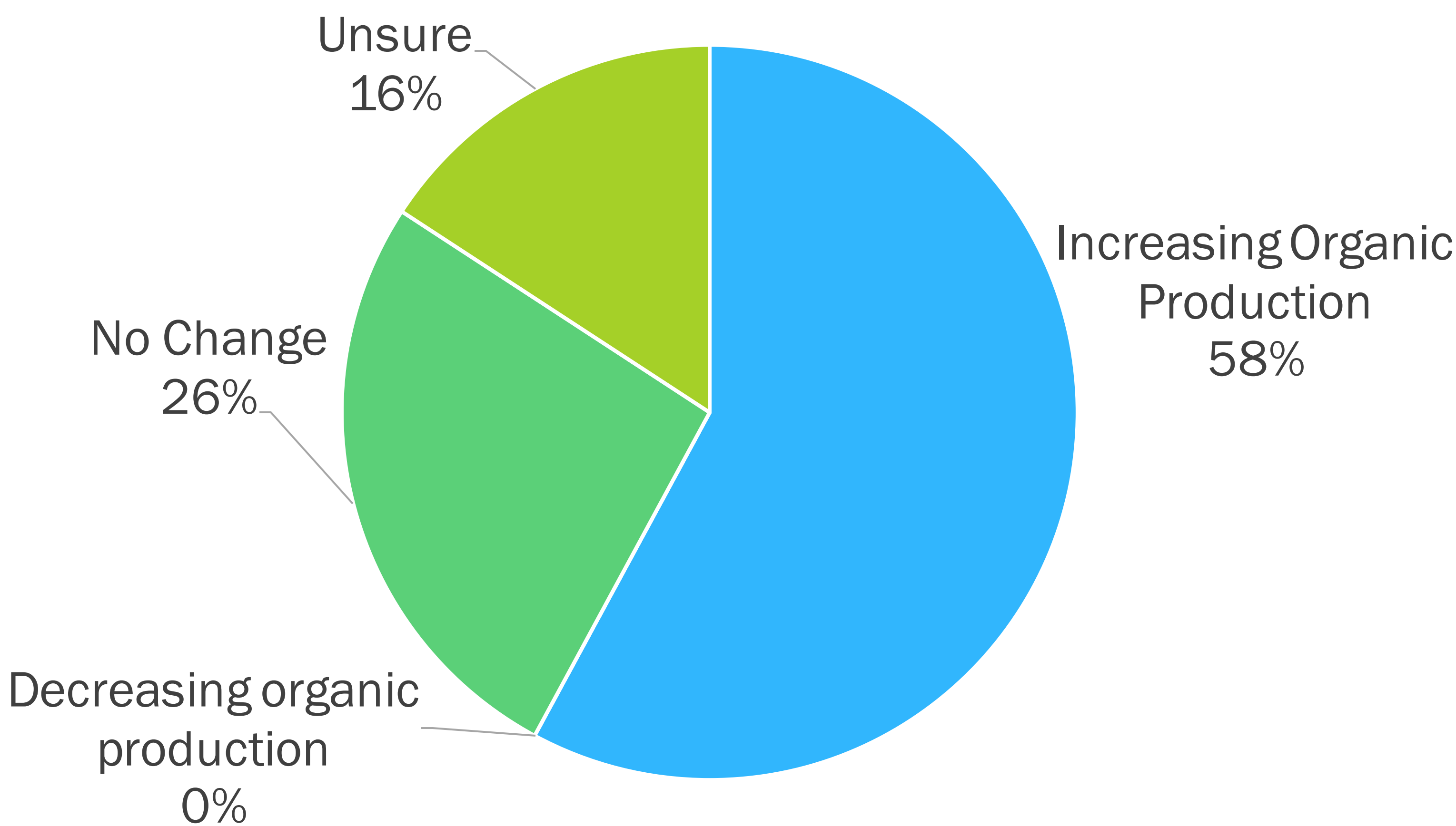
Conventional Producers Only

In the past, have you thought about incorporating organic (either certified or uncertified) production of fruits, nuts, and/or vegetables into your operation?

	Percentage
No, I haven't previously thought about organic production in my operation.	36%
Yes, I have thought about organic production, but am still **undecided** about whether it's right for my operation.	27%
Yes, I have thought about organic production, but determined it **wasn't going to work in my operation.**	9%
Yes, I have tried organic production, but decided **it wasn't working** in my operation.	9%
Other	18%

Responses 11

Organic Production in the Next 5 Years



Responses 19

Take Home Message

- Most AL producers using organic practices are not certifying
  - Organic production will likely increase going forward-may not be certified
- Major barriers to certification:
  - Cost (initial and maintenance)
  - Paper work
  - Insect, weed, disease control more challenging than conventional
  - High costs of labor and organic inputs
  - Difficulty finding organic inputs
  - Inconsistent buyers and price premiums
- Most conventional producers have not considered organic or are still undecided

Consumer Survey

- What are Alabama consumers present consumption, purchase and expenditures on organic foods?
- What is their willingness to pay for certified organic foods?
  - vs conventional
  - vs local non-certified organic
- What are demographics of consumers who demand certified organic?
- What are consumer perceptions of organic foods?
- Where are consumers purchasing fresh fruits, vegetables, and nuts?

Intermediary and Retailer Survey

- What are the constraints to marketing certified organic produce within Alabama?
  - Where is certified organic produce marketed in Alabama coming from?
  - Is the demand for certified organic produce in Alabama consistent and predictable?
- Are retailers/intermediaries in AL willing to buy and sell local Alabama produce?
  - Are there minimum quantity restrictions? What is the minimum size they would be willing to accept?
  - What specific requirements would AL producers need to meet to supply them with certified organic produce?
- What infrastructural and logistical changes need to take place to increase the amount of certified organic produce marketed within AL?

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