

# Best Hispanic Farmer's Management and Marketing Strategies in Michigan

## Final Report for GNC08-096

Project Type: Graduate Student

Funds awarded in 2008: \$9,950.00

Projected End Date: 12/31/2010

Grant Recipient: Michigan State University

Region: North Central

State: Michigan

Graduate Student:

[Lourdes Martinez](#)

Faculty Advisor:

[Dr. Jim Bingen](#)

Michigan State University

## Project Information

### Summary:

A survey and analysis of best marketing and management practices among Hispanic farmers in Michigan was conducted to determine the opportunities and barriers to access retail and food services markets in the Midwest.

More than 40 percent of Hispanic farmers are new farmers and have limited technical knowledge of production and marketing practices. Lack of markets in rural areas limits their capacity to diversify their marketing strategies. Skills gained selling in local markets help Hispanics adapt to requirements of different direct and indirect markets. Supporting the growing number of Hispanic farmers will benefit the thriving Michigan agriculture.

### Introduction:

In Michigan, agriculture and related agri-food and energy system contributes around \$64 billion and supports more than 1 million jobs. Farming represents around 11 percent of total direct and indirect impact to the agri-food and agri-energy system in the state (Patterson and Richards 2000). Michigan ranks number two in land use for vegetable, fruit and berry production in the Midwest and is a leading state in production of blueberries and tart cherries, among others products (Census 2009). However, small-scale farmers and in particular Hispanic farmers, continue to have poor economic performance despite overall indicators of economic expansion of the agricultural sector (Census 2009).

Small-scale farmers, or those farms with sales less than \$250,000 per year have grown in number by 21 percent from 42,762 in 1997 to 51,540 in 2007, but they have posted decreasing value of total sales by 12 percent from approximately \$1.24

billion in 1997 to \$1.09 billion in 2007 (Census 2009). This is of particular concern for certain groups of small-scale farmers. Observing the category of fruit and vegetable producers out of 6,278 farms currently producing for fresh and processed markets, 57 percent of them are classified as small-scale operations. When we look at the category of limited resource farming, 15 percent of small-scale farms in Michigan fall into this group.

Michigan is the leading Midwest state in number of Hispanic principal operators (Census 2009). Like in other parts of the US, Hispanic farmers tend to specialize on production of fruit and vegetables (Lopez Ariza 2007). However, Hispanic farmers continue to struggle to maintain their farm viability. According to the Census of Agriculture, 53 percent have total annual sales of less than \$5,000 in Michigan (Census 2009). This information reveals not only the importance of finding alternative strategies to increase farm viability for this segment of the farm population, but also the need to include and address in studies of local food systems the kind of support certain groups of small-scale farmers require to participate in markets which will only benefit the overall performance of the agricultural sector in Michigan.

Studies addressing small-scale farmers' market access suggest that the expansion of the local demand for food have positive outcomes for farmers. In 2009, a consumer survey found that one in six adults in the US would buy locally produced food more than once a week and 3 in 10 adults would buy local fruit and vegetables at least once a week or more (Mintel 2009). These shoppers, considered "true locals", usually pay higher prices and will make considerable efforts to source local food (Carpio and Isengildina-Massa 2009; Mintel 2009). Consumer interest drives other participants the food value chain to demand more locally grown products from their suppliers. Sysco Inc., the largest food service company in the world, is actively organizing farmers to supply them with local produce in the Midwest (Sysco 2008). In 2008, Wal-Mart announced that they would source around \$400 million of locally produced fruit and vegetables, with a projection that this would be the beginning of their 'Heritage agriculture' program (Gambrell 2008; Wal-Mart 2008). At the same time, other national and regional food retailers (e.g., Whole Foods Inc.) have made sourcing locally grown products a commitment throughout their organizations (Hollinger 2008; Meijer 2009; Whole Foods Markets 2009). However, expansion of local demand does not automatically translate in inclusion of small-scale farmers and Hispanic farmers in retail and food service supply chains.

Information that specifically focuses on understanding the perspective of small-scale Hispanic farmers and their current marketing strategies to access to and participate in retail and food distribution channels are limited. Two studies on Hispanic farmers in Michigan have addressed the limitations of these farmers when it comes to marketing their products. Santos and Castro-Escobar (2007) reported that most Hispanic farmers in Michigan never farmed before coming to the US and they follow the paths of family members who migrated before them; thus, their connections to markets tend to be limited. Lopez-Ariza (2007) found that marketing was an issue mentioned by Hispanic farmers during interviews (Lopez Ariza 2007; Santos and Castro-Escobar Forthcoming) However, both studies did not address in depth the issue of marketing and market access which are fundamental to maintain farm viability.

- [Appendix 1. List of References](#)

Project Objectives:

The objective of this project is to analyze and document the best management and marketing strategies that Hispanic farmers use in local markets and that can be adapted to include in their portfolio retail and food service channels to expand the availability of Midwestern-grown produce.

This case study starts from an understanding of the structure of the retail and food service channels which provides information about opportunities and barriers to access these highly competitive market channels. At the same time, it introduces the perspective of small-scale Hispanic farmers with respect to their own marketing strategies (e.g., mix of production and markets outlets) and what they perceive as constraints to expanding their marketing into different retail and food service markets.

In the short term, this case study is intended to help Hispanic farmers assess the requirements of supermarket and food service distributors. At the same time, it will help farmers and extension agents develop strategies based on the current marketing experience and skills farmers already developed in local markets and adapt their management and marketing practices that are most appropriate for their operations and that can improve their production and profit expectations.

In the intermediate term, the project offers an approach for working with Hispanic farmers throughout the Midwest in order to help them assess how to adapt their diverse production-marketing portfolios and improve their market access and profitability.

In the long term, the livelihood of Hispanic farmers should improve when adding retail and food service markets to their portfolios. In addition, the availability of Midwest produce in Midwest markets should increase as more Hispanic farmers adapt coupled production-marketing models to new market opportunities.

## Research

### Materials and methods:

Two techniques were used to identify participants for this research: homogeneous case and snowball sampling.

Despite the difficulty of finding and connecting with Hispanic farmers, 50 farmers with the background, farming, and marketing elements required agreed to participate of this research between July 2009 and May 2010. These participants were asked to answer individual structured questionnaires in which they rated and explain their answers about their marketing experience and transaction costs face in their markets. This structured questionnaire ensured that each person followed a similar line of inquiry (Patton 2002). However, the main purpose of these interviews was to obtain a more in-depth understanding of their marketing issues; thus, the questionnaire also allowed for an open-ended conversation.

Interviews and group meetings were audio recorded only when farmers agreed to it. Relevant segments of the interviews and group meetings were transcribed, including the researcher's personal observations that were directly relevant to the research questions (Natasi 1999). The transcribed material was coded using N-Vivo software. Drawing upon the interview questionnaire, a coding scheme was developed for analyzing the transcribed interviews and group discussions (Rubin and Rubin 2005). Based on these codes, emerging themes were also identified as the basis for answering the research questions. The categorical data collected from the survey was analyzed using SPSS/PAWS and STATA software. This analysis

provided important information to identify and assess the relationships that influence marketing choices.

### Homogeneous Case

Homogeneous case selects key elements from a group to study.

The main element in this research was the Hispanic background of farmers. Hispanic is a label used to group individuals living in the U.S. who have some influence or are from Spanish-speaking countries in Latin America (Dana 2007). The US census considers Hispanics all those people who indicate their origin as Mexican, Puerto Rican, Cuban, Central or South American, or some other Hispanic origin. Hispanics can be of any race (Census 2009).

The second element was farmer's control over production and marketing activities. The Census of Agriculture identifies 615 principal operators of Hispanic background in Michigan. However, the Census definition of principal operator includes all those who run a farm and make daily management decisions who might be owners or be hired managers. In some cases, Hispanic farmers would manage the production and labor, but they had no decision-making power with regards to marketing products. In situations where that was the case, farmers were not interviewed because the objective of the research was to know more about how they dealt with marketing issues.

The third element considered was production of fruit and vegetables. It is important to clarify that while Hispanic farmers are currently producing an array of different products, there are different marketing channels utilized by producers of other crops (e.g., corn or soybean) or other products (e.g., milk). In addition, producers of fruits and vegetables are more likely to sell directly to supermarkets and restaurants which is an important aspect investigated in this research. Finally, previous research showed that Hispanic farmers tend to specialize in fruit and vegetable production (Dismukes et al. 1997; Lopez Ariza 2007).

According to the Census of Agriculture, 146 Hispanic farmers produce fruits and 18 farmers produce vegetables in Michigan. In this research, 38 farmers reportedly produced fruits which included blueberries, strawberries, apples, peaches, and grapes. 12 farmers produced vegetables. As a result, this research covered 24 percent of fruit producers and 55 percent of vegetables producers. In addition, 2 Hispanic farmers who were not mainly fruit or vegetable producers were included in this research. These farmers were included because they currently use similar marketing channels as the fruit and vegetable farmers interviewed.

### Snowball Sampling

The snowball sampling technique uses key informants to identify cases with the elements mentioned above that can be included in the research. It requires insider knowledge to increase the chances that the cases included would be strong enough to provide useful information (Kemper et al. 2003). One of the most difficult parts of this research was finding key informants with the necessary knowledge about Hispanic farmers who would qualify for this research. First, there are few organizations currently working with Hispanic farmers in Michigan. Traditionally, Hispanic farmers have been left out of most state or federal programs (Feder and Cowan 2010) which unfortunately qualified Hispanics to be considered socially disadvantaged farmers. In recent years the state, university and NGO groups started working with Hispanic farmers, but for the most part they are still building their connections with these farmers. Once the first participants were identified, these participants were asked to provide names of other Hispanic farmers.

- [Appendix 1. List of References](#)

## Research results and discussion:

This project developed a model of adapted marketing and management strategy (Figure 1) to evaluate current opportunities and challenges Hispanic farmers face in local markets. Each section analyzes what Hispanic farmers need to consider when developing a new strategy to include retail and food service channels.

### 1) Length of Time Farming in Michigan

Hispanic farmers are relatively new farmers and in some cases it is fair to consider them beginner farmers. When years of actual farming and marketing products in Michigan is accounted for, 42 percent of the respondents started farming in Michigan less than 5 years ago and 44 percent started farming 6 to 15 years ago. Well-established farmers started more than 16 years ago (6 percent) and more than 30 years ago (8 percent) (Table 1). The advantage for more established farmers or those who started more than 15 years ago was that they were more acquainted with marketing practices in different markets, which is important for the development of marketing skills. However, new farmers could have access to new and improved information about retail and food service available to them through different organizations currently working with beginning farmers.

### 2) Farming Experience

During the interview, participants were asked to briefly comment about their experience farming in Michigan. Respondents from Mexico and other Latin American countries explained that their knowledge of farming was mainly from their experience in their country of origin. When they arrived to the US they worked in the service sector and did not farm. Eventually, they kept their jobs in the cities and tried to balance it with their farm work. On the other hand, Hispanics farmers who were born and/or raised in the US had a farm-worker background either because either they or their parents were migrant workers. The experience gained as a farm worker was valuable on the production side; however, in many cases it did not provide marketing experience. Farmers explained that they needed more technical assistance on several issues ranging from quality standard controls, food safety, good agricultural practices, and labor issues, among other things. These are very important issues that need to be addressed when considering retail and food service channels.

### 3) Market Outlets

Hispanic farmers were using direct and indirect market channels in Michigan (Table 2). Direct-to-consumers markets represent those channels in which farmers sell directly to final consumers such as farmers markets and community supported agriculture, whereas indirect markets require an intermediate step before products reach to final consumers such as local supermarkets, wholesale buyers and restaurants (MacInnis 2004).

The experience of selling directly to consumers provided farmers with insights of what consumers demand. Six participants sold directly from their farms to consumers; out of which 1 was a fruit producer and 5 were non-fruit producers. The average percentage sold using farm stands was 42 percent of total sales. Some farmers sold 10 percent of all their products directly from their farms while others would only sell using this channel. Direct sales from farms included going to neighbors to distribute their products. In some cases, they would deliver to friends in Chicago; in other cases they were already well known within their communities and people would come and ask for products. Also, some farmers had their own stores and one had a farm stand in a parking lot.

A total of 5 farmers used farmer's market channels. Out of these farmers, 3 were fruit producers and 2 non-fruit producers. These farmers would sell either all their

production in farmer's markets or some residual production (e.g., 1 percent of their total production). The average percentage sold was 61 percent. None of the respondents mentioned knowing about community supported agriculture, another important direct channel distribution system. In general, Hispanic farmers in this sample did not utilize direct-to-consumers channels as much as other small-scale farmers in Michigan would, according to the literature.

The most widely used indirect channel was packers. Thirty-three fruit and 1 non-fruit producer sold to packers. Out of these farmers, some sold 100 percent of their products to packers and the minimum percentage sold by other farmers was 40 percent. All packing companies where farmers took their products were located in Michigan. One of the most important reasons to sell to these packing companies was the proximity of these companies to their farms. Another important factor to sell to these channels was the convenience to deal with these packers. The most cited companies were Michigan Summer Blueberries Inc., Adkin Blue Ribbon Packing Company, A & L Farms, Inc., Brady Farms, Inc., and Stokes Blueberry Farms and Nursery. Other food processors cited were Peterson Farms and Honey Bear Co.

The second most used indirect channel was wholesale and broker channels. Out of all respondents, 15 participants sold to these channels (9 fruit and 6 non-fruit producers). The average sale to this channel was 49 percent, with a maximum of 100 percent and a minimum of 4 percent of all sales going to wholesalers and brokers. Respondents indicated that the wholesale brokers they sold products to were either relatives (e.g., brother, in-laws) or friends from the same area where their farms are located.

Finally, 5 participants -- 4 non-fruit and 1 fruit producer sold to local stores or small supermarkets located in their communities. The average sold to stores was 46 percent of total sales, the minimum was 1 percent. The maximum percentage of sales to stores was 90 percent. None of the respondents sold to restaurants or food service companies, which represent a challenge for farmers because of the lack of knowledge of requirements of this market.

#### 4) Use of Alternative Market Outlets

Diversification is a strategy small farms utilize to reduce their risk of depending too much on one product (McElwee 2006). Hispanic farmers also diversify their marketing outlets as a way of spreading their risks. Increasingly, farmers need to evaluate and develop a portfolio of different outlets for their products in order to remain viable (Park and Lohr 2006). However, diversification is not a general solution to increase farmer's income, particularly when there is no market for a particular product, or the market has little growth opportunities (McNally 2001).

Out of the 50 participants in this research, 16 respondents (32 percent) diversified their marketing channels. Vegetable producers were more likely to use different market channels than fruit producers who tended to use only one market channel for their products (Table 3). In particular, blueberry producers tend to sell solely to fruit packers.

Farmers also answered about diversification of crops for commercial use. Farmers who produce only one crop (e.g., blueberry) were less likely to diversify market channels, while those with more than one product (e.g., apples and blueberries) would likely sell to more than one market channel (Table 3). Only 2 blueberry farmers answered producing other commercial fruits. Non-fruit growers produced mostly different vegetables, or diversify their production with other fruits such as apples, grapes and peaches. In some cases, these farmers also had chicken, eggs and goats. According to the results, farm size (i.e., farmers who grow less than 5 acres and those who grow more than 5 acres) did not significantly affect the decision to diversify marketing channels (Table 3).

Participants were also asked about whether or not they have tried to diversify their markets to include retail (e.g., supermarkets, grocery stores) and/or food service (e.g., school cafeteria, restaurants). Among respondents, 6 non-fruit producers and 3 fruit producers answered they had tried to sell to retail. In total, 35 fruit producers and 5 non-fruit producers answered they had not tried to sell to retail or food service (Table 4). Farmers who had tried to diversify their marketing channel to include retail and food service were more likely to already have a diversified marketing strategy than those who were not currently diversifying their marketing channels (Table 5). Diversification of market channels, even if they do not sell to retail and food service, could provide farmers with knowledge of different requirements in different markets which could help develop their skills to deal with retail and food service more easily.

#### 5) Ability to Deal with Transaction Costs

Hispanic farmers were asked to rate how they dealt with different transactions variables in their current markets (Table 6). Transaction costs are present any time farmers need to negotiate delivery times, product characteristics and any other information necessary to complete a transaction (Stiglitz 1989).

Farmers rated receiving prompt payment, being trusted by buyers or customers, finding price information, and finding quality information for their products as the easiest variables they had to deal with when trying to sell their products. The most difficult variables were dealing with excess supply of products, accessing existing markets, meeting new buyers in their local markets, and negotiating agreements or contracts. For 19 farmers finding new markets for their products represented a very difficult task. Farmers who sold fruit or vegetable products to packers were constrained to sell their products close to their farms. Thus, if there was no packing facility around their farms, they could not diversify their markets. In addition, some packers already had their list of suppliers. For new farmers, it could take some time before they could be part of the farmers who usually supply to these packers.

During the interviews, 12 farmers said they have never really looked for other markets besides the markets they were supplying to. Farmers said that convenience was a big factor preventing them from looking for new buyers. Thus, they were not sure about how difficult could be to look for other markets. Finally, some farmers said they did not want to lose the trust of their current buyers by selling to other buyers.

Not having alternative markets also influenced the strategy farmers followed when there was over production in their markets. For 19 farmers, dealing with over production in their markets was a difficult situation. For example, fruit processors did not communicate the volume they would expect to process in a given season. Therefore, farmers based their planting and harvesting decisions on the expectations that these processors would process all the fruits they receive during a season. At the time of the interviews, fruit farmers experienced a year with exceptional high yields. However, packers had a difficult year selling products. Thus, packers were not processing all the fruit available in the area. In addition, according to extension publications imports of fruits from other countries also contributed to excess inventory. This situation implied that during harvest, prices reached record lows, and in many cases processors had to reject loads of some farmers because of the excess supply. For the most part, farmers would accept lower prices for their products. For those farmers who were more established, their relationship with the packing company managers was important to keep selling their products. A more experienced farmer decided to build his own refrigerator to be able to store his apples. However, for relatively new farmers this situation was difficult to overcome. Eight farmers said they did not know what to do and decided to stop harvesting.

Similarly, for 14 farmers access to markets was a difficult issue. In general, in the main area of this study (southwest and west central Michigan) there were few companies which were currently receiving products from small-scale farmers. Thus, choices to access markets were limited. In some cases, fruit and vegetable packing companies would have a list of producers they could usually buy from or with whom they had developed some relationships over the years; thus, for new farmers this requirement usually represent a barrier, because more established farmers will be given preference to deliver. In some cases, farmers mentioned that companies would not agree with farmers selling to other companies and if companies found out about this practice they would reject farmers load.

For farmers selling directly to consumers using farmer's markets, access to markets was also difficult. There were few farmer's markets in rural communities. In addition, Farmer's markets in rural areas did not have the number of participants farmers need to make profits. Thus, farmers needed to find markets in larger cities. Farmers struggled with the distance they would have to travel to sell their products and with the fact that many of these markets require "the farmer" to be the one selling and not other people.

Another issue 14 Hispanic farmers rated as difficult when trying to sell their products was meeting new buyers who would buy their products. All 14 farmers said the main issue was that they had not met new people who could buy their products. Some vegetables farmers expressed their lack of knowledge about how to initiate a contact with a store manager or some other people who might be interested in their products. These farmers acknowledged that they did not know anyone in Michigan who could be a potential business contact.

Finally, for 11 farmers, negotiating agreements or contracts with buyers was difficult when trying to sell products. None of the participants of this research had a contract or agreement to supply products with any buyer. Three farmers thought that signing contracts were "dangerous". They explained that in the event they were not able to fulfill the contract, the buyers could take them to court and they would not be able to deal with that situation.

On the other hand, fruit farmers explained that contracts or agreements are not possible to negotiate with packers. As one farmer explained, "It is not possible to show up in a packing company, talk to the manager and request an agreement." Another farmer expressed that packers give farmers the standards for quality, for spraying pesticides, and so forth. If a farmer follows the packer's requirements, these packers would buy from them. Otherwise, they do not accept the fruit. Seven farmers said they would always rely on verbal agreements with their buyers. They said this kind of relationship is based on trust, reputation, and mutual respect for each other.

From these responses, it can be suggested that new farmers have the toughest time dealing with transaction costs and they need more information and support to be able to reach to retail and food service channels. Also, farmers who specialize in one product have fewer chances to learn more about other transaction costs, which can be a disadvantage in terms of development of marketing experience and knowledge.

#### 6) Factors Affecting Market Diversification

The decision to diversify market channels is important because farmers who diversify markets are more likely to try and sell to retail and food service and because by diversifying markets they can spread their risks. The results show that the only significant variable to explain the decision to diversify among the farmers interviewed was the level of difficulty finding new markets. The odds for a farmer who can find new markets for their products to diversify their market channel are

16.07 greater than the odds of those farmers who find it difficult. As expected, the lack of markets particularly, the lack of retail and food service channels around the area where Hispanic farmers were located represents a great challenge for farmers interested in diversifying their markets (Table 7). Connections with new buyers or markets could improve the opportunities for small-scale Hispanic farmers to sell more and increase the viability of their farms.

#### 7) Goals for the Future

Farmers answered about their expectations and plans for the future. The question requested them to think 5 years from the time of the interview and state how they see themselves as farmers and with their farms. Besides recording any future plans for the future, the objective of this question was to observe whether or not farmers had plans for including supermarkets and food services as options for marketing their products.

Farmers were divided into three categories depending on whether they answered they expected to improve their farms, remain the same, or depend on other factors. In total, 21 farmers stated they saw themselves improving the situation of their farms. Out of these farmers, 12 farmers responded that they would increase production. In the case of some fruit farmers they were already planting new trees or bushes which in 5 years time they expected to be harvesting. In this same group, 6 farmers expected to add more land and diversify the products they already grow. Adding more land implied buying more farmland or using land that was currently not in production. Diversification of products meant planting different varieties or different crops. Three farmers specifically stated that they wanted to become full-time farmers. In their view, they would be able to improve the production and marketing opportunities if they could dedicate more time to their farms. Farmers also mentioned that the way they see themselves improving their farms was by buying new machinery, investing in storage buildings, advertising their farms, and using new labels such as organic, free range, and humane. One farmer mentioned hire workers as a way to improve his farm. Only 2 farmers mentioned they would like to sell to supermarkets in the future (Table 7), and only 1 farmer had a broker already interested in buying more of his production. Eight farmers answered they would keep their farms as they were. Out of these farmers, 4 farmers stated that they could not quit their full time jobs because it was a secure source of income, whereas farming was not. Thus, they could not dedicate more time to their farms. Three farmers did not want to change because they thought that depending on their farms alone as a source of income was too risky. A farmer expressed his concern about keeping up with all the requirements (e.g., GAP certification) that some packing companies were asking him. In his opinion, he would not be able to comply with all these requirements. Similarly, 2 farmers said they were just fine with the way they were marketing their products. Finally, 2 farmers described their farms as a "hobby" or a "leisure" activity (Table 8). Finally, 8 farmers said they did not know what would happen to their farms in 5 years. For 6 farmers, continuing with their farms depended on markets and prices. For some blueberry farmers, prices were extremely low and they were pessimistic about continuing harvesting in the future. Other farmers were afraid of not finding markets for their products anymore. Only 2 farmers expressed their concern about continuing farming because they could not get financial support (Table 9).

Overall, Hispanic farmers were positive about farming in Michigan and more than 50 percent of participants were planning to continue farming. However, as mentioned before, Hispanic farmers cited finding new markets for products as one of the most important issue they face in Michigan. The limited marketing planning of farmers can represent an issue for the future, especially when they are not planning to include retail and food service markets in their portfolios.

- [Appendix 2. Tables and Figure](#)

## Participation Summary

### Educational & Outreach Activities

#### **PARTICIPATION SUMMARY:**

##### Education/outreach description:

###### Conference presentations:

Martinez, L. "Collaboration and Use of Social Networks for Best Marketing Practices among Hispanic Farmers in Michigan". 73rd Annual Meeting of the Rural Sociological Society, August 12-15, 2010 - Atlanta, Georgia.

Martinez, L. "Developing Marketing Strategies and Knowledge for Hispanic Farmers in the Upper Midwest". Annual Agricultural and Applied Economics Association Meeting, July 26, 2010 - Denver, Colorado.

Martinez, L. "Access to Socially Disadvantaged Farmers: The Case of Hispanic Farmers in Michigan" Annual joint meeting of the Association for the Study of Food and Society (ASFS), and Agriculture, Food and Human Values Society (AFHVS). June 2-6, 2010. Bloomington, Indiana.

###### Posters:

Martinez, L. "Challenges to the Adoption of Organic Agriculture by Hispanic Farmers in Michigan" 22nd Midwest Organic and Sustainable Education Services Conference. February 24-26, 2011. La Crosse, Wisconsin.

Martinez, L. "Michigan Hispanic Farmers Marketing Practices: Preliminary Results" Annual Great Lakes Expo, December 6 - 8, 2009, Grand Rapids, Michigan.

###### Guest-Lecture:

"To sell or not to sell" Small-Scale Farmers Access to Supermarkets". Environmental Studies and Agriscience - Michigan State University Community Food and Agricultural Systems. Spring 2009.

###### Research Proposal:

"Identifying Opportunities and Barriers of Michigan's Socially Disadvantaged Farmers' Participation in USDA Programs" Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers OAO-00002.

###### Outreach:

The project also allowed for collaboration with federal, state and non-government organizations. The researcher distributed information to participants about Farm Service Agency programs which support small-scale and Hispanic farmers in Michigan.

The researcher provided transportation to 8 Hispanic farmers who wanted to participate of the Michigan Family Farm conference organized by the Michigan Food and Farming Systems. This experience allowed these farmers to meet new people and get to know about the support they could receive from different organizations.

The researcher provided transportation to an expert on pesticide regulation from the Michigan Department of Agriculture to speak to more than 20 farmers about how to get their pesticide permits. The researcher also provided with information

about markets and contact information of potential buyers to 3 farmers who asked for help in this matter.

Results related to the educational level of participants from this research will contribute to the Michigan State University High School Equivalence Program (MSU-HEP) efforts to increase the participation of migrants in educational projects. MSU-HEP offers individuals with migrant or seasonal farm work backgrounds, a unique opportunity to obtain a General Educational Development certificate (GED).

PhD Thesis:

Part of the results from this research will be use to complete the requirements for a PhD degree in the department of Community, Agriculture, Recreation and Resource Studies at Michigan State University.

## Project Outcomes

Project outcomes:

This project is the first that brings attention to marketing issues face by Hispanic farmers in Michigan and the Midwest. The project's objective was to evaluate opportunities and challenges faced by Hispanic farmers to diversify their marketing channels and include retail and food service markets.

Industry analyst and marketing experts highlight that suppliers need to consider a portfolio of customers to remain viable (Park and Lohr 2006). Access to supermarkets and food service channels is challenging, particularly for small-scale producers like Hispanic farmers. However, by understanding what farmers are currently doing and trying to leverage opportunities and deal with the challenges it is possible to help farmers establish or consider potential partnerships in local food distribution system.

This project brings more attention to marketing issues and needs of Hispanic farmers in Michigan and the Midwest. Hispanic farmers are becoming more important in Midwest agriculture, and their success will only contribute to maintain the prominent role of agriculture as an industry in the region. Extension agents, consultants, and marketing analyst can use this adapted model to assess the type of marketing program that small-scale Hispanic farmers need to develop and provide better information to farmers and marketers.

The participatory-research nature of this project allowed for outreach outcomes from its beginning. As a result of the outreach activities incorporated in this research, some farmers were already learning about programs and agencies that could help them with their farms. Some farmers also learn and started to participate of the Michigan Hispanic Farmers Association and also learned more about the cooperative "Farmers on the Move" which was funded to help marketing and production need of Hispanic farmers.

## Economic Analysis

Hispanic farmers struggle to maintain the viability of their farm operations in Michigan. According to results from this research, more than 72 percent worked part time in their farms and relied on family labor to maintain their operations. Farmers received less than 25 percent of their total income from farming, which is approximately \$7,500 per year and in some cases this represents as low as \$2,000 per year. Thus, access to and participation in local retail and food service could help

farmer improve their livelihoods.

The expansion of local demand for food products represents a unique opportunity for small-scale farmers to participate in supermarket and food service channels (Carpio and Isengildina-Massa 2009; Mintel 2009). It is estimated that retail and food service reach total food sales of over 1 trillion dollars per year (Kaufman 2010) and consumers preferred to source local products from supermarket and food service channels (Mintel 2009).

## Farmer Adoption

This project directly reached to 50 Hispanic farmers in Michigan. On average, this research included 34 percent of all fruit producers and around 50 percent of all vegetable producers in Michigan. The following results are important findings that agents and people interested in marketing practices should consider when assisting Hispanic farmers:

1) Hispanic farmers have few years of experience farming in Michigan. 42 percent of farmers interviewed had less than 5 years of experience in Michigan and 44 percent have less than 15 years of experience. For farmers with 5 or less years of experience, knowledge of fruit and vegetable production is relatively limited and they require technical assistance to improve production and post-harvest handling.

2) Farmers who diversify market channels are more likely to approach supermarkets and to know about different market's practices. Non-fruit farmers are more experienced combining direct and indirect markets in their portfolios than fruit producers. In addition, non-fruit producers are more likely to understand the requirements of different market channels, and some of these farmers have already tried to sell to supermarkets and food service. Still, only 20 percent (10 farmers) of participants had some experience selling to local supermarkets and none of the participants had experience selling to food service channels, such as restaurants, school cafeterias or others. The limited experience selling to retail and food service channels represent a barrier in terms of the time it takes to learn and adopt the requirements of retail and food service channels. Fruit growers, particularly blueberry growers, rely on one marketing channel, which can make them more vulnerable to sudden or structural changes in markets.

3) Hispanic farmers have marketing skills that can help them succeed in retail and food service channels. More than 60 percent of farmers rated information, negotiation and monitoring costs as not difficult to deal when selling products. The ability to deal with these transaction costs is important when farmers decide to approach supermarket and food service channels. In particular, maintaining their reputation and communicating with suppliers were important factors to succeed in retail and food service channels. The most difficult task for 38 percent of farmers was finding new markets.

4) Hispanic farmers want to farm and improve their farming capacity and knowledge. 42 percent have plans to improve their farms and farming practices. Examples of improvements in the word of participants included acquire more production and post-harvest handling knowledge, full-time farming, investment in equipments and buildings, advertisement and labeling for their products. Twenty-four percent are increasing farm production to become more competitive.

Based of the results from this research, Hispanic farmers and people working with them need to consider markets and marketing issues along with production and post-harvest technical aspects. Markets in Michigan and the Midwest are changing constantly. The small-scale production would not prevent Hispanic farmers from facing the requirements of a highly competitive food distribution system.

Including retail and food service markets is not an easy task. However, by

approaching these channels and learning about their requirements farmers could think about what they need to do and learn new marketing practices or standards which generally are adopted by other participants in food value chains. Marketing plans and expectations about the future need to be part of the decisions about planting. Hispanic farmers need to assess the benefits and costs of farming in Michigan before venturing into new production.

Recommendations:

## Areas needing additional study

### Participation in Research and Outreach Programs:

While the number of participants reached by this project already surpassed previous research with Hispanic farmers in Michigan, more participants need to be included for two main reasons. First, Hispanic farmers have been historically underserved by different outreach programs in the U.S and the Midwest, increasing the number of participants will assure that most farmers are aware of the services available to them and know how to get these services. Second, increasing the number of participants in research studies will only provide more information about this new group of farmers at the same time it will increase generalizations that can be made when using larger sample size.

In the Midwest, there have been efforts to support Hispanic farmers. However, Hispanic farmers have not had high levels of participation. It is important to investigate reasons beyond the language barriers that prevent farmers from participating in programs designed to help them. It is also important for research scientists to collaborate in order to leverage the limited resources available to develop programs for outreach with Hispanic farmers.

### Adoption of Sustainable Practices:

The growing number of Hispanic farmers in the Midwest and Michigan require more research on issues pertaining to sustainable agriculture. Topics that should be studied include adoption of production systems (e.g., organic), water and soil conservation practices, pesticide use, and post-harvest practices. In addition, it is important to explore economic factors affecting adoption of sustainable practices. In order to maintain sustainable levels of food production, distribution and ecosystem services, farmers need to be well rewarded for their contributions. Sustainable practices can help farmers receive better prices for their products.

### New Partnerships with Companies in the Supply Chain:

Companies and independent buyers need to be included in programs aimed to help Hispanic farmers. Models of best business partnerships need to be developed with farmers and companies or buyers interested in supplying from these farmers. In addition, it is important to assess whether cooperative, associations or other collective action efforts are adequate for farmers and companies.

### Assessment of Benefits and Costs of Farming:

The number Hispanic entering farming in Michigan and the Midwest is growing. However, research show that Hispanics tend to follow the pathway of people who migrated before them. There is a need to carefully assess the benefits that entering farming represent to these farmers and communities. Hispanics can benefit of this type of research by making more informed decisions about their future.



Sustainable Agriculture  
Research & Education [US Department of Agriculture](#)



This site is maintained by SARE Outreach for the SARE program and is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, under award No. 2019-38640-29881. SARE Outreach operates under cooperative agreements with the University of Maryland to develop and disseminate information about sustainable agriculture. [USDA is an equal opportunity provider and employer.](#)

---

© 2022 Sustainable Agriculture Research & Education