

# Direct-marketing farms have double the regional impact

July 25 2016, by Pat Bailey

---



Farmers markets are one form of direct marketing. Credit: Karin Higgins/UC Davis

Sacramento-area farmers and ranchers who sell their products directly to consumers generate twice as much regional economic impact per dollar of output as do area food producers who don't engage in direct marketing, reports a UC Davis agricultural economist and a team of UC

Cooperative Extension researchers.

The newly released study of the four Sacramento region counties of El Dorado, Placer, Sacramento and Yolo found that direct-marketing [food producers](#) had a regional output multiplier of 1.86 compared with just 1.42 for [producers](#) not involved in direct marketing.

Direct-marketing channels include farmers markets, roadside farm stands and community-supported agriculture programs that provide consumers with regular deliveries of farm products.

"The direct marketers make up a relatively small part of the Sacramento region's agricultural sector, but this study demonstrates that these food producers generate both [economic](#) and qualitative benefits for the region," said study leader Shermain Hardesty, a Cooperative Extension agricultural economist in the UC Davis Department of Agricultural and Resource Economics.

"It's important that the economic contributions of direct-marketing farmers and ranchers be taken into consideration so that regional policies can be enhanced to support and nurture the growth of these food producers," Hardesty said.

The regional economic impacts identified in the study are threefold: revenue received directly by the agricultural producer; a ripple effect when the food producer purchases inputs in the region; and a secondary ripple when the producer and the suppliers of goods and services to the producer, in turn, spend more money in the region on household goods and services.

## **Sacramento region direct marketers**

In the four-county Sacramento region, direct-marketing food producers

are a relatively small segment of the total agricultural sector, accounting for 19 percent of the region's farms and only 4 percent of its agricultural production.

The direct-marketing farm operations tend to be smaller and more labor-intensive, and source more of their inputs locally than do nondirect-marketing operations in the area.

The new study was based on economic information gathered from 88 local farmers and ranchers, including 31 vegetable farmers, 48 orchard or vineyard growers, and nine livestock producers, each of whom generated at least \$1,000 in annual sales from marketing directly to consumers.

After the data were collected, they were incorporated into an economic modeling program to estimate the economic impacts of producers engaged in direct marketing.

## **Study highlights**

Other findings from the report include:

- Sacramento region direct-market producers averaged just \$164,631 in one year of sales compared with \$568,105 for those not engaged in direct marketing.
- Seventy-three percent of the direct marketers also sold through wholesale channels.
- Overall, the direct-market producers generated 44 percent of their total revenues through direct-marketing channels, 55 percent through wholesale channels and 1 percent through commodity markets.
- For every \$1 million of output, the direct-market producers generated a total of 31.8 jobs in the Sacramento region while the

nondirect-market producers generated only 10.5 jobs.

- Direct marketers purchased 89 percent of their inputs within the region while the nondirect-market producers purchased 45 percent of their inputs in the region. This local sourcing of inputs was the primary factor responsible for the direct-market producers having a greater economic impact on the [region](#) than nondirect-market producers.

**More information:** Economic Impact of Local Food Marketing in the Sacramento Region. [sfp.ucdavis.edu/pubs/Economic\\_Impact\\_Reports/](http://sfp.ucdavis.edu/pubs/Economic_Impact_Reports/)

Provided by UC Davis

Citation: Direct-marketing farms have double the regional impact (2016, July 25) retrieved 23 April 2024 from <https://phys.org/news/2016-07-direct-marketing-farms-regional-impact.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.