

# Farmers Markets

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## Overview

Farmers markets are used by Kentucky growers of all farm sizes and scales. “Market gardeners” may produce on less than an acre and sell only at a local farmers market, while larger farms, including orchards, may use farmers markets as a secondary seasonal retail outlet. Farmers markets also serve as important community gathering places that support local economies and food systems.

The number of farmers markets has increased significantly over time. Nationally, markets grew from 1,755 in 1994 to 8,720 in 2018. In Kentucky, the number increased from about 30 markets in 1994 to more than 160 markets in 2018, representing over 2,700 vendors. This growth has been supported by state initiatives such as House Bill 391 (2003), which allows certain home-processed goods to be sold at farmers markets, and funding for market infrastructure improvements.

This publication serves as an introductory marketing reference for producers considering participation in a farmers market. It is organized around the “Three P’s” of retail marketing: Product, Price, and Promotion. A fourth factor—place (market location)—also plays an important role in influencing success.



# Product

The most common reason customers give for shopping at farmers markets is product quality. Consumers often seek locally grown products harvested at peak freshness and flavor.

Successful vendors carefully plan a range of products, including core crops that perform well locally and are familiar to customers. Product quality depends on sound production practices, including soil health, fertility management, pest control, and proper post-harvest handling.



Farmers markets often operate under specific rules that may limit product offerings. Some markets allow limited resale of products, while others require vendors to sell only what they produce. Understanding and following these rules is essential for planning product offerings.

Farmers markets are also ideal locations for testing new or specialty products. Vendors frequently experiment with varieties, packaging, and presentation.

## Examples of Product Diversity at Farmers Markets

- Fresh fruits and vegetables
- Cut flowers and ornamental crops
- Bedding plants and greenhouse-grown crops
- Heirloom varieties
- Value-added products (jams, jellies, baked goods, syrups)
- Ethnic or specialty vegetables
- Dried herbs, fruits, and nuts

- Organic products
- Forest products (mushrooms, decorative greens, wood products)
- Mixed lettuce products

## Price

Pricing is one of the most common challenges for farmers market vendors. Prices are typically set locally and may be higher than grocery store prices to reflect quality, freshness, and local production.

Two key considerations when setting prices are knowing your cost of production and knowing prices for similar products in local markets.



## Knowing Your Cost of Production

Producers should calculate total production and marketing costs, including labor, and divide those costs by total marketable yield to estimate a cost per unit. Many growers underestimate costs by failing to include the value of their own labor.

## Knowing Market Prices

Understanding prices at grocery stores, farmers markets, and produce auctions helps establish competitive pricing. Resources such as Kentucky farmers market price reports can provide useful benchmarks.

## Pricing Strategies

Pricing for profit involves setting prices that cover all costs and generate a return. Pricing for value includes offering discounts for larger purchases while maintaining profitability. Pricing against competition involves setting prices relative to other vendors while differentiating through quality and presentation.

## Additional Pricing Concepts

Loss leaders are products priced below cost to attract customers, with the expectation that additional purchases will generate profit.

## Promotion

Effective promotion helps attract customers and increase sales. Farmers markets themselves are strong promotional environments, but individual vendors play an important role in drawing attention to their products.

## Market Display

A clean, organized, and visually appealing stand is one of the most effective promotional tools. Use color contrast, varied display heights, and clear organization to attract customers and improve flow.

## Signage

Clear signage should communicate product names, prices, farm identity, and additional product information.

## Sampling and Demonstration

Providing samples or cooking demonstrations can increase customer interest and sales. Vendors should follow all applicable food safety regulations when offering samples.

## Customer Engagement

Customers often value information about how and where products are grown. Sharing the story behind products can strengthen relationships and encourage repeat purchases.

## Point-of-Purchase Materials

Recipes, newsletters, and educational materials can help customers use products and reinforce purchasing decisions.

# Place (Market Location Considerations)

Market location influences product, price, and promotion strategies. Urban markets may differ significantly from rural markets in terms of customer expectations and competition. Accessibility, visibility, and infrastructure can all affect market success.

## Summary

Selling at farmers markets requires more than producing high-quality crops. Successful vendors must align product selection, pricing, and promotion strategies with customer expectations and market conditions.

Careful planning, attention to detail, and strong customer engagement can improve profitability and long-term success in farmers market sales.

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