

Operators of retail farm outlets (including roadside markets or stands) do have additional operating costs not incurred by farmers selling to conventional wholesale buyers. Such costs include the fixed and variable costs of their physical facilities (such as interest, taxes, depreciation, repairs, parking lots, utilities, and insurance), labor for operating the stand, consumer packaging materials, advertising, and other items required to satisfy the demand of consumers. The extent of such additional cost items is closely related to the size and elaborateness of the facilities, customer traffic, and sales volume. However, the larger, higher volume markets may gain economies of scale that lead to lower per-unit costs for labor and other items.

The farmers' market is a designated location where a group of farmers can sell their products directly to consumers. These markets are usually located within or near urban centers and may be owned and maintained by farmers' cooperative associations or by local or State governments. Facilities may range from an open lot where farmers park their vehicles and display products to enclosed buildings with display counters, lights, heat, and refrigeration. Regardless of ownership, farmers usually pay a fee for the space occupied to cover maintenance costs and advertising. Some markets are open every day of the week, but most are open only on certain days. 7/

Prices for produce at farmers' markets tend to be lower than prices for similar items in foodstores. Consumers also have a wide array of products from which to choose since a number of growers offer their goods for sale. This concentration of farmer marketers and the close proximity to large numbers of urban consumers tend to attract large numbers of customers.

Some farmers sell directly from a farm building or an off-road stand or market. This method is similar to the roadside stand, except that the facilities are less formal and may be used primarily for other purposes. Moreover, the personnel serving customers usually perform other duties between customer visits. Many large, specialized farm operators that sell most of their production through conventional outlets use this method of direct marketing to dispose of that part of their production that does not meet or exceeds the requirements of conventional outlets. Such products include undersized or oversized fruit, and fruit too ripe to withstand the rigors of the conventional marketing system.

House-to-house delivery or door-to-door selling is the most expensive method of direct marketing for farmers. Farmers

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7/ During recent years there has been a significant growth in the number of farmers' markets. Part of the growth has resulted from activities conducted under section 5 of the Direct-Marketing Act of 1976, while others have been established by municipal governments, Chambers of Commerce, and similar organizations to meet the demands of consumers and small farmers.