Collective Marketing Enterprises among Small-Scale Organic and Low-input Farmers: Balancing Community-based Values in Relation to the Marketplace

Mecca J. Lowe¹ and Joseph J. Molnar²

¹Mecca J. Lowe, Department of Agricultural Economics & Rural Sociology, Auburn University, Auburn, AL 36849-5406.
²Joseph J. Molnar, Department of Agricultural Economics & Rural Sociology, Auburn University, Auburn, AL 36849-5406.

Received: September 11, 2019; Accepted: October 05, 2019; Published: October 15, 2019
*Corresponding author: Joseph J. Molnar, Department of Agricultural Economics & Rural Sociology, Auburn University, Auburn, AL 36849-5406. Email: molnajj@auburn.edu

Abstract

Direct marketing by small-scale, organically-oriented farmers in the United States has risen in popularity in recent decades in the form of farmers markets, Community Supported Agriculture, roadside stands and U-pick operations, yet some farmers struggle to find enough demand in their local, rural communities for these high-value organic or natural products. Because marketing to urban areas where demand is higher for these products can be time-consuming and cost-prohibitive, some farmers have initiated marketing and distribution businesses that connect urban customers with locally produced organic foods through online shops and correspondence. Using interviews, documents and observations gathered from three marketing businesses in northeastern Alabama and western Georgia, this study examines the social and economic functions of these businesses for farmers and consumers. We find that most farmers are not solely dependent on the internet-based income, but consider it an additional outlet often secondary to their own direct sales. This study also finds that although the farmers do not usually know the customers of the internet-based sales, they depend on their direct relationships with their private customers for understanding the needs and desires of online customers. Most farmers are highly embedded within the sustainable agriculture social movement, sharing values of environmental protection, human health and community food security. Finally, this study finds that the decision-making structure of each collective marketing enterprise (CME) was not found to be as important in determining the business practices. Instead, the market managers were the most influential in balancing economic motivations of the business with the community-oriented values held by farmers.

Introduction

An increasing number of farmers in the United States are practicing methods of food production and exchange that focus on organic or natural production techniques, high quality whole foods and local, direct markets (Feenstra 1997, Dimitri and Green 2000, Lyson 2004). The rise of small scale ecologically-oriented farms and direct marketing practices has been acknowledged as a new type of food system focused on sustainability (Kloppenburg et al. 2000, Lyson 2004, Allen et al. 1991). Organic production techniques include the use of cover crops, crop rotations, mulching and compost additions that build soil health and decrease weed, pest and disease problems. Synthetic pesticides, herbicides, fungicides, fertilizers and hormone or antibiotic treatments to animals are avoided and are prohibited in certified organic and certified naturally grown operations (Dimitri and Green 2007). Through local channels such as farmers’ markets, on-farm sales and Community Supported Agriculture (CSA) programs, many small-scale and organically oriented producers are selling high quality food products directly to individual customers (Kneen 1995, Ostrom 2007). Such approaches give producers a higher percentage of the food dollar in return (Govindasamy, Hossain and Adelaha 1999).

Community Supported Agriculture is a marketing strategy in which a group of consumers buy shares of seasonal farm products directly from a local farmer. Customers typically receive weekly boxes of mixed vegetables, eggs and/or meat for several months by paying in advance (Hinrichs 2000, Cone and Myhre 2000, Ostrom 2007). These direct marketing outlets have grown in popularity around the United States (Kneen 1995, Lyson 2004). New agricultural and food-related enterprises are appearing in rural and urban areas and have the potential to allow communities direct input and participation in their food systems (Lacy 2000, Cone and Myhre 2000).

This study focuses on the marketing experiences of three groups of low-input and organically oriented producers in Alabama and Georgia. In a survey of organic and low-input producers in Alabama, Cui (2008) found that 91 percent market their products locally through on-farm sales, farmers’ markets, websites and CSA. In addition to farmers markets, CSA programs and on-farm sales, some organic and low-input producers in Alabama and Georgia have initiated marketing businesses in
which they collaborate with other producers to market and distribute their food products to nearby urban areas. Products are typically sold to member-customers in urban areas using the Internet. Each marketing business employs one farmer-manager to coordinate the supply of food products with customer orders and arrange weekly delivery schedules. Customers receive boxes of fresh produce and other items such as soap, honey and bread. This study presents three case studies of collective marketing businesses in Alabama and Georgia.

The purpose of this study is to understand how the decision-making structure of each marketing enterprise influences the balance between economic motivations and the values of social justice, quality food production and environmental accountability often associated with building sustainable and resilient food systems (King 2008, Lyson 2004, Hassanein 1999). A more thorough understanding of the social and political characteristics of these new institutions of food exchange is sought in order to realize their potential for building sustainable food systems. The analysis explores the values, motivations and goals of these marketing businesses and the corresponding decisions and actions that they pursue. The case studies elucidate how organizational characteristics and varying degrees of social embeddedness affect each collective marketing business’s ability to balance the community-based values associated with sustainability and the market-based motives necessary to conduct business. Social embeddedness is used to explain the presence and intensity of social relationships between farmers and between farmers and consumers.

**Food Democracy and Civic Agriculture**

Locally oriented food systems in which food is produced, processed and consumed within a region or community have been identified as a way to lessen inequalities brought on by the global industrial agro-food system (Renting et al. 2012, Feenstra 1997, Campbell 2004, Friedmann 1997, Kneen 1995, Lyson 2004). Small-scale, sustainable and organic farms coupled with direct, local markets have the potential to meet broader community needs by promoting economic development, building social capital, improving food security and maintaining land resources (Lyson 2004, Gale 1997, Campbell 2004). Some scholars have described such idealized food systems as participatory, local, transparent and “tightly linked to a community’s social and economic development” (Lyson 2004:1, Hassanein 2003, Friedmann 1995). Lyson (2004) has developed the concept of civic agriculture to describe new participatory forms of local food production, processing, distribution and consumption that are also intertwined with economic, social and environmental community assets and goals. He asserts that local food systems embedded in communities offer a “sustainable alternative” to the destructive practices of conventional agriculture (Lyson 2004:1). He argues for new systems of food production, processing and distribution that are committed to “developing and strengthening an economically, environmentally and socially sustainable system of agriculture and food production that relies on local resources and serves local markets and consumers” (Brown and Miller 2008, Lyson 2004:63).

Lyson (2012, 2004) differentiates civic agriculture from conventional, industrial agriculture by discussing the principle motivations of each system. While industrial agriculture is driven by profit and efficiency to produce standardized, low-cost food items, civic agriculture is driven by community resources, concerns and limitations to produce diverse, high quality foods (Lyson 2004). In community-oriented food systems, producers work cooperatively to build local food economies by sharing knowledge and sharing marketing resources. Civic agriculture empowers both food producers and food consumers with the responsibility to build their own sustainable food systems (Lyson 2004).

In reality, sustainable food producers must prioritize their need to earn reasonable incomes with community-based concerns such as low-income food access, environmental protection or young farmer education. When working cooperatively, the balancing of non-economic goals and market rationalities becomes more complicated (Mooney 2004). The virtues of local, direct food systems may not rest solely in their scale or locality, but rather in the ability of its institutions to balance the values and motivations of the particular actors through democratic participation (Born and Purcell 2006, Mooney 2004). Social inequalities and environmental ills can thrive in any scale of society, but some believe that democratic participation is essential in creating a fair and just food system that meets the needs of a broader population (Duncan 1999, Born and Purcell 2006, Hassanein 2003, Mooney 2004, Friedmann 2007). Hassanein (2003) has embraced the concept of food democracy as holding the promise of building sustainable food systems. She explains that food democracy represents “the idea that people can and should be actively participating in shaping the food system, rather than remaining passive spectators…” (Hassanein 2003:79).

In theory, food democracy gives power to ordinary citizens in shaping the food systems in which they participate, embedding the social relations of production and consumption into communities and regions (Hassanein 2003). In practice, institutions such as agricultural cooperatives and food policy councils are the closest representations of democratic decision-making within existing alternative food systems (Hassanein 2003, Mooney 2004). Food policy councils exist in a few North American cities and represent municipal efforts to holistically and democratically address local issues related to agriculture, hunger, health, and natural resources (Hassanein 2003). Agricultural cooperatives are democratically organized economic institutions that function within conventional and alternative food systems to produce, distribute or market food products (Mooney 2004).

Friedmann (1995: 30) calls for new institutions of food exchange in which the needs of consumers and other community members are “effectively transmitted” to local producers. When the social relations of agriculture and food are no longer anonymous but become re-embedded into regions...
and communities, people can become empowered to reshape their food system (Hassanein 2003, Friedman 1995). The re-embedding of land, labor and food into communities and regions is imperative in order to achieve the community-oriented goals of sustainable development because the food system can then be tailored to community needs as well as assets (Friedmann 1995). Mooney (2004) points out that under the corporate control of the food system, human and environmental costs such as hunger and water pollution are often considered “externalities” to the economic functions of the business. However, when members of a community or region are democratically involved in agricultural and food-related enterprises, these costs are no longer external but remain local, visible and real (Mooney 2004).

Mooney (2004) suggests that cooperatives offer a form of regulation that is neither purely economic nor purely political, but one that is rooted in the community of producers and consumers in the food system. Since producers and consumers have been isolated at opposite ends of the food chain by the corporatization of food processing, distribution and marketing, Friedmann (1995) argues that this gap must be overcome in order to restore power to both groups. Mooney (2004:87) suggests that Community Supported Agriculture is “an embryonic form that overcomes this disjuncture” because it is an informal synthesis between producer and consumer cooperatives with direct communication and exchange.

Community Supported Agriculture

Community Supported Agriculture (CSA) is perhaps the most “radical departure from any other form of economic organization in agriculture today” (Kneen 1995:126). The original concept of a CSA came from a Japanese model in which community members were broadly engaged in farm practices and decision-making (Cone and Myhre 2000). The CSA model was introduced in the United States from Europe and Japan during the 1980s and experienced rapid growth during the decades since its introduction (Ostrom 2007, Cone and Myhre 2000). CSA is an arrangement between a farm and a group of food consumers in which consumers pay in advance for a seasonal share of farm produce (Kneen 1995). Farmers are assured of their income and the community shares the risks associated with farming. If a crop is damaged by natural causes, customers as well as farmers share the loss. Likewise, if some crops produce more abundantly than expected, CSA members would receive more products than they had first imagined (Kneen 1995). Participant involvement can range from helping make important farm decisions or giving time to work on the farm to no involvement beyond payments to farmers and consuming their food (Cone and Myhre 2000).

Although CSA may encourage closer social relationships between producers and consumers, market rationalities continue to influence farmer and member experiences (Hinrichs 2000). Although producers and consumers experience direct, repeated contact, Ostrom (2007:109) notes a “divergence between farmer and member expectations.” In a 10-year study of 24 CSA operations, Ostrom (2007:110) found that 36 percent of previous CSA members did not renew their memberships because of what she called “supermarket withdrawal.” Because the box of mixed vegetables is chosen by farmers and determined by what they can grow in season, customers may receive the same items for weeks in a row.

Customers are often unprepared to deal with seasonally available produce and varieties that are sometimes unfamiliar to them (Ostrom 2007, Cone and Myhre 2000). Additionally, farmers may fall short of income goals and go without basic provisions for healthcare and retirement funds. They may be unable to make capital investments in land, housing or equipment. (Ostrom 2007). Ostrom (2007:107) compares the problems of these farmers to those experienced by many farmers in conventional agriculture and notes that CSA farmers are still subject to the “cheap food policies of the marketplace” because consumers often would not accept the prices that farmers needed to cover production costs.

Cooperatives

Collective action by farmers is a time-honored practice in American history (Groves 1985). As societies have grown in size and complexity, some of these collective efforts have entered into new dimensions of formality and entrepreneurism (Groves and Ingalsbe 1989). One organizational form of collective action and democratic decision making within the food system, whether it has to do with producing, processing or marketing food products, is commonly known as a cooperative. A cooperative is formally defined as “a user-owned and user-controlled business that distributes benefits on the basis of use” (Barton 1989:1). Cooperatives are democratically controlled and collectively owned businesses that pool the resources of members in order to achieve what might be otherwise unattainable by individuals (Fairbairn 2004, Mooney 2004). The historic and present-day formation of cooperatives in the United States has occurred in response to changing agricultural markets and governmental forces which cause economic hardship on farmers and their communities (Fairbairn 2004). In the United States, formal agricultural cooperatives have existed for over two hundred years (Groves and Ingalsbe 1989).

The twentieth century ushered enduring changes into the American food system. The increased scale of production and decreased the position of independent farmers reshaped the composition of agribusiness, farm organizations and farmer cooperatives (Welsh 1997). Agricultural processing is now highly centralized in the hands of only a few agribusiness firms and many markets are only accessible through coordinated agreements with large scale or corporately owned farms (Heffernan 1994, Welsh 1997). Howe (1986:106) asserts, “Agriculture has periodically been restructured to maintain the conditions of capital accumulation.” The disparity between farmers’ incomes and those of corporate agribusiness processing firms has grown through these readjustments (Howe 1986).

As capitalism becomes more organized and powerful, Fairbairn reasons (2004:32) that agricultural cooperatives have...
become more similar to corporate agribusiness firms. In a sense, twentieth century cooperatives experienced the same fate as that of the family farmers: get big, or get out (Walzer and Merrett 2001). Cooperatives have faced new competition as investor-owned firms (IOF), or corporate agribusiness firms, have increased in flexibility and conducted mergers, acquisitions, joint ventures and a host of other new activities (Fairbairn 2004). Traditional cooperatives are now more consolidated, merging and increasing their economies of scale in order to remain competitive. However, this has put many cooperatives out of touch with their members as economic transactions and operational decision become less transparent (Walzer and Merrett 2001, Mooney 2004).

**Collective Marketing Enterprises**

The collective marketing enterprises (CME) that are the focus of this study are much smaller in size and market reach than typical agricultural cooperatives (Penrose-Buckley 2007). These CME’s more closely resemble CSA programs except that local foods are sourced from a group of producers instead of a single farm. However, some of the CMEs resemble small cooperatives and even have some legal similarities to the cooperative structure. In the small body of literature about producer cooperatives within alternative, local agro-food systems, most cooperatives are successfully marketing to wholesale outlets around the country and a few also sell to directly to consumers (Kant 2001). An important reason why cooperatives have enjoyed success so far is the earnest commitment of the farmers and others offering support, such as non-profit agencies and universities. In addition, almost every marketing cooperative had been started through the support of grants (Lawless 1999; Seyfang 2004, Neely 2007, Organic Valley 2008). These case studies do not address or discuss the way that producer cooperatives balance democratic ideals and sustainability goals with participation in the capitalist marketplace.

In order to promote sustainable development within communities, economic institutions within alternative food networks must give priority to community-based values while complying with market-based realities (Mooney 2004, Forssell and Lankoski 2016). The range of values and motivations held by small-scale organic producers may or may not relate directly to their market considerations (Murdock and Miele 1999). Although community and market-based goals are not always mutually exclusive, the way that each marketing business understands their values, goals and motivations in reference to their markets is of interest. Hinrichs (2000) outlines how power and privilege may sometimes rest more with educated, middle-class consumers than with farmers or less-advantaged consumers.

The strategies of farmer-entrepreneurs to collectively balance the conflicts that arise between motives of economic growth and those based on community improvement are not well understood. This balance must allow farmers to earn a living while supporting innovation and flexibility needed to foster sustainability within the business and the community (Mooney 2004). By forming collective marketing businesses and online markets, producers may add a new dimension of organizational complexity and virtual distance to the counterpoint between community and market-based motivations. It is not well understood what kind of affect the varying degrees of democratic participation and social embeddedness may have on balancing community and market-based motivations for small, farmer-owned marketing enterprises.

**Conflicts, Contradictions and Tensions**

Mooney (2004) argues that the democratic structure within formal cooperatives is beneficial, if not essential, to sustainable development because it allows tensions between market-based and community-based goals to exist, instead of unfailingly giving preference to market-based motivations, as investor-owned firms tend to do. Although Mooney (2004) prefers formal cooperatives, he does reference CSA programs as an informal way for farmers and consumers to cooperate and communicate. Within the food system, democratic control over economic decisions “would have the potential to reduce the unequal economic influences on food production and consumption by elevating people’s needs and desires…” (Mooney 2004:87). Whereas conflicts or tensions within the decision-making apparatus of economic institutions can be viewed as inefficient or negative according to neo-classical economics, tensions between economic and non-economic values can be positive for sustainable development because non-economic values are being given some consideration (Mooney 2004). He identifies four areas of contradiction that may cause tension and conflict for cooperative decision making among agricultural producers.

**Democracy and Capitalism**

There is a struggle between the capitalist economic environment in which farmers and consumers must participate and the democratic principle of cooperation (Mooney 2004). Building sustainable food systems requires that farmers respond to community needs while accommodating the conditions of capitalism. Cooperatives are “institutions of democratic capitalism” so tension occurs between the economic and political concerns for profit and solidarity (Mooney 2004:82). Price-based concerns are important because farmers must make enough money and consumers must be able to afford food. However, other issues are relevant to agricultural businesses and communities, such as environmental protection, which may affect the cost of production, but is vital for the health of human and non-human systems. Deciding which values take priority cannot solely be based on monetary cost if the goals of sustainable development are to be realized, but price-based concerns are often difficult to balance in relation to community-based goals within the capitalist economy (Mooney 2004). The democratic decision-making mechanism within cooperatives may give merit to non-economic goals if it is utilized, however, member voting and input can also be neglected as some cooperatives shift towards more highly competitive forms (Mooney 2004).

Cooperatives and other businesses typically hire managers...
to maintain daily operations. Although they are often members of the cooperative, managers may view the goals of the business in more strictly economic terms than the broader membership (Mooney 2004). If given enough power in the business, managers can steer the business towards more economically motivated directions and reduce the influence of non-economic values (Mooney 2004). This increase in bureaucratic function may even lead to a disparity in communication from the manager to the members justified by increasingly complex operating practices. Retaining the participation of members through effective, consistent communication and involvement is important in order to resist bureaucratic, capitalist tendencies which may compromise non-economic community needs (Mooney 2004).

**Production and Consumption**

Tensions between production and consumption occur in the space between consumers and producers as efforts persist to embed and localize food systems within regions and communities (Friedmann 1995, Mooney 2004). Producers and consumers are marginalized in the modern global industrial food system in isolated spheres of production and consumption (Friedmann 1995). Tensions between production and consumption appear as alternative food systems emerge to rejoin farmers and consumers in an attempt to bridge the “social relations of production and consumption” (Mooney 2004:90). These tensions are evident in the difficulties that CSA programs have in garnering customer participation or approval of fair food prices (Ostrom 2007). Likewise, the struggle for food consumers to make informed food choices or to afford healthy options reveals the divide between production and consumption (Friedmann 1995).

Consumers may also lack food preparation skills necessary to handle raw or whole foods that many producers have to offer (Wilkins 2007). Farmers may also struggle to meet consumer preferences for variety and sustained production as they deal with limitations of seasonality and consumers’ grocery store mentality (Ostrom 2007). Mooney (2004) argues that the democratic structure of cooperatives can help overcome the divide between producers and consumers because it fosters communication between and within the groups. Direct food exchange between producers and consumers can also begin to bring both groups out of isolation and thus empower people, not corporations, to shape regional food systems (Friedmann 1995, Hassanein 1999).

**Global and Local**

Tensions between the local and global concerns of producers and communities intensify when business expansion goals take precedence over community-based concerns (Mooney 2004). The tendency to expand entrepreneurial activities beyond the scope of the community or region is contradictory to many other concerns that are centered on the local community (Mooney 2004). Member participation may become strained and member influence can diminish as the cooperative business decides to grow larger than is necessary to serve local communities and regions (Mooney 2004). The formation of new methods of local food exchange and locally oriented, specialized products are advantageous to communities if cooperatives remain locally oriented (Mooney 2004, Hassanein 1999).

**New and Traditional Social Movements**

Finally, tensions between new and traditional social movements are present in the foundations and goals of cooperatives, especially when new social movement ideas challenge the predominance of economic rationality from traditional social movements (Mooney 2004). It is fair to say that many producers and consumers who participate in sustainable production and direct marketing are also a part of a larger social movement to create new systems of food production that resist the standardizing, isolating forces of globalization (Hassanein 1999). Mooney (2004) discusses two types of social movements that interact within cooperatives.

While traditional social movements are usually focused on improving the position of a certain socioeconomic group within society, such as miners or farmers, new social movements attempt to bridge class lines, bringing groups together to change whole systems (Mooney 2004). New social movements also challenge the logic of rationalization along purely economic lines, creating new parameters for what can be considered important in collective decision making (Mooney 2004). The democratic structure of the cooperative allows members to balance broader community-based goals of new social movements with the instrumental rationality persistent in the capitalist system and within traditional social movements (Mooney 2004). The four areas of contradiction and tension overlap and interact within the cooperative struggle and within the struggle for sustainability.

**Embeddedness**

Although the decision-making structure of new food exchange institutions is important to consider, other factors may influence the balance between economic and non-economic goals. One cornerstone of the sustainable agriculture movement has been to build locally oriented systems of food exchange that prioritize direct, face-to-face interaction between farmers and consumers (Lyson 2004). This practice denotes a particular scale that is smaller than mainstream industrial food systems and more highly embedded in local communities (Hinrichs 2000, Lyson 2004, Hassanein 1999). Therefore, social ties between farmers and community members, customers and other farmers may also be considered for their influence on business practices (Hinrichs 2000).

Neo-classical economic theories assume that market economies are self-regulating entities and that all other social, cultural and political occurrences having to do with the market are intrusions into an otherwise harmoniously efficient system (Block 1990). This outlook neglects many factors that affect economic decision-making, leaving gaps in our understanding of the human dimensions of economic behavior. Economies consist in their simplest form of humans interacting with their environment in order to meet material needs (Polanyi 1944).
Collective Marketing Enterprises among Small-Scale Organic and Low-input Farmers: Balancing Community-based Values in Relation to the Marketplace

Although the market is an important and powerful entity, this does not mean that it is autonomous. In contrast, market economies are shaped by political, social and cultural forces today and throughout history (Polanyi 1944). Immediate social, political, moral and economic contexts can be analyzed for their direct or indirect influences on creating economic institutions, maintaining economic transactions and shaping the behavior of the economic actors (Block 1990:29-30).

Market economies can be understood as consisting of three overlapping sectors: microeconomic choices, state actions and social regulations (Block 1990:41). The first and most important to market economics is the microeconomic choice. If individuals have unrestricted freedom to make their microeconomic choices, they will make rational decisions based on price considerations and efficiency and thus balance the market so that price truly reflects the product. This claim is based on the condition that buyers have unrestricted access to all information regarding the product, which is not always the case (Block 1990). Central planning theories claim that state action can create a controlling mechanism for the economy so that individual economic actors do not need to make choices. In this scenario, the state regulates and runs the economy (Block 1990). Social regulation, which is largely ignored by both schools of thought, refers to the social mechanisms affecting economic behavior such as social norms, values and movements. These social mechanisms reveal the greater embeddedness of economic life within a social framework (Block 1990).

Social embeddedness refers to the role of social relations in economic transactions (Hinrichs 2000, Granovetter 1985). Embedded social relations are responsible for the occurrence of trust between economic actors. Ongoing networks of social relationships among economic actors denote a high degree of embeddedness and thus a higher propensity for trust and order as an outcome (Mckitterick 2018, Granovetter 1985). Social relations add dimension to economic actions, bringing values, motivations and goals that are not always related to price into economic life (Granovetter 1985, Block 1990, Hinrichs 2000). By understanding embeddedness, the relationship between social and economic spheres can be better understood (Jack and Anderson 2002). Entrepreneurs, such as farmers within local food systems, are embedded in social relations that can reveal opportunities for social support and local resources (Jack and Anderson 2002). However, embeddedness can also stifle economic gain when social conditions temper economic transactions or operational decisions (Jack and Anderson 2002).

Many small-scale, organic or low-input farmers are situated within a larger social movement that seeks to create sustainable systems of agricultural production and healthier food consumption (Hassanein 1999). Although ideas about what constitutes sustainable agriculture or healthy food differ within the sustainable agriculture movement, most concepts are related. Participants within the movement take part in various forms of collective action with these related goals in mind (Hassanein 1999). Organically and locally oriented farmers may be claiming a set of ethical and social values such as environmental stewardship, social engagement and increased regional self-reliance (Hassanein 1999). Their position within a social movement may affect the primacy of non-economic motivations in operational decisions of collective marketing enterprises. Farmers may also be socially embedded with their customers in varying degrees (Hinrichs 2000). As farmers become more highly embedded, sharing relationships of trust with customers, the power of economic motivations may be tempered (Mckitterick 2018, Hinrichs 2000). However, social embeddedness may also work with economic motivations in local food systems as customers seek more personalized experiences with food producers (Hinrichs 2000).

Marketness and Instrumentalism

Block (1990) has developed two continua for evaluating the motivations of economic actors. The first is the concept of Marketness, which measures the dominance of price considerations in market transactions. An entrepreneur or economic organization exhibits low Marketness when they take part in ongoing economic relationships or contracts. An economic actor exhibits high levels of Marketness when transactions are based solely on price (Block 1990: 51). Values, goals or motivations that are not price or market-based can affect the level of Marketness in economic transactions. Any non-price consideration that affects an economic transaction would decrease the level of Marketness exhibited by the economic actors (Block 1990).

The second concept of instrumentalism measures the economic motivations of actors as they make decisions or take actions related to their economic opportunities. Instrumentalism is measured by two indicators: the degree to which individual economic behavior is motivated by price and the degree to which economic goals are placed above “family ties, friendship, spiritual considerations or morality” (Block 1990:54). This continuum evaluates the motives of economic actors (Block 1990:53-54). Therefore, “the existence of non-opportunist behavior is evidence of embeddedness, of the power of noneconomic variables, such as the norms of a particular community...” (Block 1990:55).

Hinrichs (2000) employs the Marketness and instrumental continuas to understand the social embeddedness of local farmers’ markets and CSA programs. She found that farmers’ markets “create a context for closer social ties between farmers and consumers, but remain fundamentally rooted in commodity relations,” while CSA programs “move closer towards the Decommodification of food” (Hinrichs 2000:295). This study reveals a balancing act for the producers between price-based motivations and community-based values. Hinrichs (2000) argues that Marketness and instrumentalism should not be viewed as absolutely negative, just as “embeddedness” should not be viewed as consistently positive. Marketness and instrumentalism are used in this study as tools to help identify
economic values, goals and motivations, and to help measure the importance of economic values in relation to non-economic goals associated with sustainable agriculture.

**Research Methods**

Descriptive case study research was conducted on three collective marketing businesses run by three groups of farmers in Alabama and Georgia. The three marketing groups were chosen as unique representations of farmer innovation and cooperation within emerging alternative agricultural enterprises in Alabama and Georgia. This purposive sample was chosen because they represent the only marketing groups of their kind in the upper piedmont and lower foothills regions of Alabama and Georgia. All three groups market organic or natural food products using online marketing and sales, yet they vary in business structure and in their community-based goals. The cases focus on the perspectives of the farmers involved and the organizational structure of each business.

Qualitative inquiry techniques were used to investigate the values, goals, motivations and actions of the three marketing enterprises. Semi-formal interviews were conducted with 6 to 7 producers from each marketing group, including those farmers identified as managers, owners or presidents of the respective marketing businesses. A total of 17 producers were interviewed and several of them sold to more than one marketing business. All interviews were conducted in person during visits to each business location or farm. Managers and key figures within each business with more extensive, internal knowledge were interviewed more than once for clarity and depth of information. Informal interviews or discussions were also conducted during visits to the business locations, packing sheds and farms.

Interview transcripts were then analyzed and coded according to themes relating to the study objectives. Categorical data was then further analyzed in accordance with the theoretical framework. The concept of embeddedness was used to understand and identify the non-economic goals, values and motivations of each marketing group. Likewise, the concepts of Marketness and instrumentalism were used to understand the presence and primacy of economic goals. Finally, the decision-making structure of each marketing group was analyzed to understand the way that each marketing group balances economic and non-economic goals. The decision-making process and structure of each marketing business, along with an understanding of the levels of embeddedness, Marketness and instrumentalism of economic actors within these three collective marketing enterprises will help create a better understanding of the real implications for sustain ability that these new institutions of food exchange may hold.

**Findings**

**General Characteristics**

There are several similarities between each marketing group. All three groups are selling organic or natural foods that have been grown or produced by farms of relatively close proximity to the central packing location and to the urban centers where products are sold. All groups require that farmers produce in accordance with organic standards but do not require that they be certified organic. Each group employs a market manager to handle daily operations and these managers are also farmers. All groups require that customers become members of an online market where products are posted, and members can buy online. Member-customers must pay a yearly fee to participate in the online market, ranging from $25 to $100. Products are delivered to pre-arranged locations within urban centers convenient for customers to pick up their orders.

Each marketing group is legally organized differently. The oldest group was originally structured as a corporate cooperative, but because of difficulties in managing finances, the cooperative was forced to sell their marketing business to one of their members. It is now a sole proprietorship but will likely be structured into an LLC in partnership with a few other farmers. The second and currently most successful group is a sole proprietorship. The third and newest group chose to use an LLC business structure because it is flexible, but they have retained some legal elements of a corporate cooperative such as democratic decision making. The first two groups of market almost exclusively into metro Atlanta, where demand and prices are higher for local, organic, high quality food. The third group, which is the smallest and newest group, markets to Huntsville, Alabama, a much smaller urban area in the northern part of the state. The smallest group sources from about 6-7 farmers, while the largest group sources from 20-25 producers in addition to a local wholesaler when needed. All farmers are paid 25-30% less than retail prices for their products so that marketing groups can cover their costs and turn a 5-10% profit.

**Non-economic Goals, Values and Motivations: Embeddedness**

This research finds that the small-scale, organically-oriented farmers participation in collective marketing enterprises is also highly embedded in the current social movement in support of sustainable agriculture and local food systems. They share many values consistent with the movement, such as environmental stewardship, improving human health through nutrition, youth education about agriculture, assisting new farmers, and a fairly strong resistance to corporate food regimes. Some values are shared more frequently and with more intensity than others. Farmers exhibit a strong adherence to organic production standards even when certification is not relevant to their market requirements.

All three marketing groups were active in supporting new and existing farmers through information sharing, equipment or resource sharing, and of course marketing assistance. Individual farmers repeatedly described the competition between farmers as nonexistent or simply for fun. The farmers who sold to each marketing group did not always know one another. Social embeddedness between farmers seemed to fall more along lines
of ways, comparing grocery store organic and conventional prices, looking at prices online or figuring up their own cost. A few farmers look at wholesale organic prices online to make sure they are getting a fair price. Farmers overall exhibited moderate levels of Marketness in their economic transactions with each business. Only a few farmers reported actually negotiating with market managers on prices. Since retail transaction take place online within a semi-contracted agreement between customers and the marketing group, market managers set prices in advance and there is no negotiation on prices with customers.

Marketing groups were active in developing better marketing practices in order to increase sales. The two larger marketing businesses regularly purchase regionally grown organic produce from a wholesale distributor. This helps them “fill in the gaps” that often occur from their smaller scale producers when there is a lull between seasons or a crop failure. All market managers want their markets to run year-round, but only those who buy from the wholesale have been able to make this possible. Market managers of these two groups are also offering products that are not available locally, such as mangoes, avocados, oranges and olive oil. Many tropical fruits can be grown in the neighboring state of Florida, and the olive oil is from California. Market managers say that they must remain competitive since many urban customers have access to larger natural food stores such as Whole Foods. One market manager compared their prices to Whole Foods and found that they were less expensive.

Although market managers and farmers are economically motivated, there is a general consensus among all of the businesses that they don’t want to grow too large. The central reason was that they would lose touch with their customers and the farmers. Several farmers thought that the largest of the marketing groups was already too large, sourcing from 25 farms and the wholesaler. A few farmers spoke of the danger of becoming just a food broker. Most farmers were concerned with meeting their basic needs and being able to maintain their farming lifestyles but were not concerned with making extraordinary profits. Market managers were more instrumental in their economic behavior, but still relatively moderate.

Decision-making Process

Although the decision-making structure of each group is legally different, there are similarities in the way that decisions are made. Each group is administered by a market manager. In the two largest groups, the market manager is also in the owner. In the third and smallest group, the manager is the founder of the business but is only a partial owner with the other farmers. This study found that even in the group that is structured democratically, the market manager makes most decisions. Therefore, despite the existence of a legal structure that calls for member voting on business decisions, no voting has taken place and the market manager makes all business decisions. In the two larger groups, no democratic structure is in place because both businesses are currently sole proprietorships.
All three groups appear to hold non-economic values in relatively high importance despite the absence of democratic decision making. However, tensions do appear within the categories that Mooney (2004) describes. There is a conflict between democratic ideals and bureaucratic tendencies in the smallest group that has a legal democratic structure but is administered primarily by the market manager. Mooney (2004) says that managers may begin to take on more responsibility if they believe that some decisions are too complex for the membership to understand. This can lead to a gap in communication between managers and members (Mooney 2004). Although Mooney (2004) warns that managers may take a more narrowly economic view of the business, this study finds the opposite in one case. In the smallest group that is marketing in Alabama, the market manager holds some of the strongest non-economic values of any farmers and has involved the business in several community efforts to help feed low-income populations and maintain an honest, transparent business. The manager is not the one most concerned with economic gain, although she is concerned with keeping the business successful and growing. There was some complaint from the membership, however, that the manager was not communicating enough to them about the business. In the other two groups with no democratic structure, the manager/owners are also part-time farmers and have strong values related to organic agriculture, encouraging new farmers and youth education. They are primarily responsible for balancing economic and non-economic motivations.

Each marketing group is attempting to bring the realms of production and consumption closer together so that consumers have more knowledge about the origin and characteristics of their foods. Some of the conflicts that Mooney (2004) describes between production and consumption occur during this process. The marketing groups struggle to maintain customer satisfaction because consumers are accustomed to having a larger variety of produce available year-round in grocery stores. Managers report that customers tire of having the same products for several weeks in a row. They also report that some customers are unfamiliar with how to prepare many vegetables.

One tactic used by managers is to increase communication with customers in the form of weekly newsletters, blogs and emails with information on food preparation, food preservation and the logistics of seasonal produce. However, the two larger marketing groups that are run as sole proprietorships also source from a regional wholesale distributor of organic produce. Some farmers are uncomfortable with this practice, however, stating that it is one step closer to simply becoming a middleman. Manager-owners say that they could not have the volume of business without it because the local farmers do not produce in sufficient quantities and sometimes they lose crops. Manager-owners do say that they buy from local farmers first, and that even if they could get away with just buy from the wholesaler, they would not because the local quality is better, and they know the farmers.

All marketing groups are spatially bound to their local communities if urban areas are included. All market groups are located in rural areas and market to urban centers, so their immediate local, rural community is often bypassed as a market in order to access higher demand and higher prices in urban areas. There is currently a very low level of demand in rural areas for organic, locally produced foods. Marketing groups are bound to rural farmers, however, and also employ other people in rural areas to help with bookkeeping, packing orders and making deliveries. Managers are concerned with keeping the size of the business stable and do not want to grow “too big.” The only practice that seems to compromise their commitment to local farmers is buying from a wholesaler, but even these foods are produced in adjacent states or in extreme southern Georgia and Alabama. Consumer demand for locally produced foods coupled with the value held by managers and farmers of building local food systems keeps these businesses locally oriented and bound.

Conflicts between new and traditional social movements are rare for these marketing groups because the farmers are almost exclusively a part of the new social movement of sustainable agriculture. Although they all hold the belief that it is vital to preserve and advance the position of sustainable farmers, they couple this with the values of environmental sustainability, food access for low-income populations, and improving human health through nutrition and clean food. While some farmers are more economically motivated than others, one manager notes that farmers who attempt to grow organic products just for the money never last because it is too much work and not enough money.

This study finds that there are several interacting social, political and economic factors influencing the way that each marketing group balances market and community-based values. Market managers are primarily responsible for this maintaining this balance, even in the marketing group that has a legally democratic structure. However, in contrast to Mooney’s (2004) predictions that a lack of democratic structure will lead to rationalization along purely economic goals, the market groups are currently maintaining an importance on community-based values while still remaining competitive and growing their businesses. This study finds that much of the emphasis on non-economic values is associated with the social movement for sustainable agriculture and food systems. Because farmers and consumers are embedded in this social movement, the non-economic values remain important. It is important to note that some of these values are not exclusively non-economic. Urban consumers want local, organic food and will pay a premium for it. Therefore, if farmers compromised their values of organic production, they would lose their customers and the price premium. However, other values, such as farmer mentoring, youth education and providing food for low-income populations, are more firmly rooted in community-based values that are non-economic.
Conclusion

The question remains as to whether these new institutions of food exchange will continue to be responsive to community needs, retaining non-economic values in the long term. Mooney (2004) argues that the only way for these types of businesses to withstand market pressures to expand and increase profits is to give power to all farmers in the form of member voting on business decisions. When and if the social movement related to sustainable agriculture wanes, will market managers still retain the community-based values that keep them responsive to community needs? Furthermore, if the democratic structure is so fragile that managers can easily gain control, it may not be as secure as Mooney (2004) suggests in protecting against purely economic rationalization.

These marketing groups are socially embedded with customers and farmers to varying degrees, which has created relationships of trust and enforced shared values (McKitterick et al. 2018). However, most of the communication with customers and farmers is done through email and websites, which can be easily manipulated. These new institutions of food exchange do help farmer access better markets and urban consumers access fresh, local and organic farm products, but this online system could be easily manipulated if a more economically motivated person gained control. The long-term ability of these new marketing businesses to balance community needs with economic goals is not currently secured by any sort of legal business structure, but rests in the hands of a few honest farmers. If local food systems are to be developed so that food can continue to be ecologically produced and exchanged fairly, then both farmers and consumers may find it necessary to elevate their position in the marketplace by taking on more shared responsibility.

Although most farmers have their own private food exchange outlets such as farmers’ markets and CSA, they may be wise to take a larger role in the online marketing groups before they begin to see real competition for their market share. Likewise, consumers may find that if they become more organized and informed, demanding transparency and authenticity from their farmers, then they would be able to contribute more than their dollars to building their local food system. Harriet Friedman (1995) envisioned the ideal sustainable food exchange institutions as consisting of a group of organized consumers and farmers in direct communication, exchanging locally, ecologically produced foods. If the online markets begin to replace direct, personal sales by farmers, then the farmers and consumers will once again be subject to the prices and conditions of a middleman and must begin their struggle again for a better position within their own communities and markets. Although the social movement has been effective in sparking new local food economies, it may require more than a renewed sense of community by some to withstand the capitalist tendencies that would soon dilute and render useless the community-based values present within these marketing businesses which are vital to sustainability.

References

Collective Marketing Enterprises among Small-Scale Organic and Low-input Farmers: Balancing Community-based Values in Relation to the Marketplace
