

Executive Summary

Since 1993, OFRF has conducted four national surveys of certified organic farmers. OFRF's National Organic Farmers' Surveys have collected data about organic farmers and farming for the years 1993, 1995, 1997 and 2001. Each survey has developed a unique set of information about organic farming from the organic farmers' perspective. While the content of each of our surveys has varied somewhat from year to year, traditionally, OFRF surveys have asked questions about organic farmers' production-oriented research priorities, information needs, and on-farm practices.

The objectives of OFRF's *Fourth National Organic Farmers' Survey: Sustaining Organic Farms in a Changing Organic Marketplace*, represent a departure from our previous data collection efforts. This has been in response to a growing, industry-wide interest in gaining information and insight about organic farmers' experiences in the marketplace. This data set is a first attempt at developing information about organic farmers' experiences, attitudes, and needs around marketing organic products. We hope this information leads to a better understanding of organic farmers' marketing needs, and to targeted efforts that support the economic sustainability of organic farming systems.

METHODOLOGY

In spring 2002, a 22-page survey was sent to 6,487 certified organic farmers throughout the United States. The survey was mailed to 5,457 certified organic farmers whose addresses were obtained from 48 organic certification bodies and/or their chapters operating within the U.S., termed full project cooperators. In addition, surveys were sent directly to eighteen certification agencies who chose to participate by delivering surveys to their own growers, termed limited project cooperators--these agencies represented 1,030 producers. Overall, 1,171 surveys were returned from both groups. The response rate from our combined populations was 18%.

The format of these survey results is similar to the results of OFRF's three previous national surveys. In many cases the same or similar questions are asked as in previous years. For example, demographic questions remained largely the same. Comparisons with the results of previous years' survey data are provided where applicable. However, these survey results also include entirely new material in the areas of organic marketing and market conditions, marketing orders, and organic farmers' experiences related to the presence of genetically modified organisms (GMOs) in agriculture.

The results of the *Fourth National Organic Farmers' Survey: Sustaining Organic Farms in a Changing Organic Marketplace*, are organized into eight topic areas: Farm Profile; Production and Product Details; Marketing Organic Products; Organic Market Conditions, 2001; Information and Services; Marketing Orders and Organic; GMOs and Organic; and More About You and Your Farm. Following are some of the highlights from each topic area.



Respondents were asked to provide basic information about their farm, including: whether the farm produced and marketed certified organic product in 2001; farm acreage (total acres, acres farmed under organic conditions, and acres certified organic); organic acres owned and leased/not owned; acres in production under various categories (such as "vegetables") and percent of sales in relationship to that acreage; whether any conventional products were produced on the farm; whether the farm produced compost for on-farm use and/or for sale; business structure of the farm operation; and state in which their farm is located. Highlights are:

Percentage of producers not certified

- ◆ 5% of the population cooperating in this study indicated that they farmed organically, but were not certified in 2001.

Acreage summaries

- ◆ 82% of the respondent population identified their farmland as managed solely under organic practices, with acreage in production under the following categories:
 - ◆ 66% certified organic only;
 - ◆ 15% certified organic and organic, non certified/transitional; and
 - ◆ 1% non-certified/transitional only.
- ◆ More than half of OFRF survey respondents (54%) farmed fewer than 50 certified organic acres.
- ◆ One quarter of respondents (25%) farmed between 50 and 179 certified organic acres.
- ◆ 21% of respondents farmed 180 certified organic acres or more.
- ◆ Survey returns represented 184,898 certified organic acres, representing approximately 8% of total certified acres for the year 2001, based on comparison with USDA Economic Research Service data collected for 2000-2001.
- ◆ A comparison with data from previous OFRF surveys shows that producers with certified organic farms under 50 acres have become a smaller percentage of OFRF's survey respondent population, dropping from 63% in 1993 to 54% in 2001.

Organic land ownership

- ◆ 92% of respondents own some portion of the organic land they are farming.
- ◆ 65% own all of their organically farmed land.

Organic acres by production category, and compared with percent sales

- ◆ 43% of respondents identified 9,022 acres under vegetable production, representing 5% of the acreage identified under all categories. Acres in vegetables produced 29% of farm sales identified by the respondent population.
- ◆ 27% of respondents identified 46,741 acres in pasture, grazed land and livestock facilities, representing 26% of the acreage identified under all categories. Acres in livestock production produced 7% of farm sales identified by the respondent population.
- ◆ As part of our acreage/farm sales question, we also asked respondents to identify cover-cropped acres. Almost one-fifth of respondents, 19%, cover-cropped some portion of their farmland the entire growing season. The cover cropped area represented 5% of total acreage for the respondent population.



Other farm products produced: conventional products and compost

- ◆ 36% of respondents indicated that they produced some conventional products on their farm. Those products identified most frequently were grains/alfalfa/hay, eggs, tree or vine fruit or nut crops, and beef.
- ◆ 31% of our respondent population indicated that they produce compost for on-farm use.

Business structure of farm operation

- ◆ 94% of respondents' farms are family-based operations, including single family operations, family farm partnerships or family farm corporations

Survey returns by state

Surveys were returned from 44 states. States not represented were: Alabama, Delaware, Georgia, Mississippi, South Carolina and Tennessee. States with the greatest number of returns were California, Iowa, New York, Ohio, Washington and Wisconsin,

Organic Production and Product Details

SECTION 2

Section 2 requested information regarding organic farm products produced in the following categories: Herb, ornamental, greenhouse and specialty crops and products; Vegetable crops and products; Fruit, nut and/or tree crops and products; Field crops and products; Livestock products; and Value-added products. Detailed product information under each of these categories was requested, including specific items produced, and the proportion of these items that were sold or used in each of the following ways: sold as fresh or commodity product, sold as value-added product, sold to a processor or as propagation stock, or used on-farm. Key results were:

Herb, ornamental, greenhouse and specialty crops and products

- ◆ 33% of survey respondents produced organically grown herb, floriculture, ornamental or greenhouse products, mushrooms and/or honey in 2001. Approximately 67%, based on area of production, were sold as fresh market product, 6% of these products were sold as value-added product, and 11% were sold to a processor. 2% were sold as seed or propagation stock and 15% were used on-farm, with the greatest percentage of on-farm products used being vegetable starts.

Vegetable crops and products

- ◆ 43% of respondents produced organically grown vegetables in 2001. 74% were sold as fresh market product, 3% were sold as value added product, 19% were sold to a processor and another 3% were sold as seed or propagation stock.

Fruit, nut and/or tree crops and products

- ◆ 36% of respondents produced organically grown fruit, nut and/or tree crops in 2001. 55% were sold as fresh market product, 19% were sold as value-added product, 26% were sold to a processor and less than 1% were sold as seed or propagation stock.

Field crops and products

- ◆ 45% of respondents produced organically grown grains, alfalfa, mixed hay and/or other field crops in 2001. 36% of these products were sold as commodities, 9% were sold as value-added products, 25% were sold to a processor, 14% were sold as seed or propagation stock, and 16% were used on-farm.

Livestock products

- ◆ 20% of respondents produced organic livestock products in 2001. 24% of these products were sold as commodities, 32% were sold as value-added products, 22% were sold to a processor and 23% were sold as breeding stock.



Value-added products

- ◆ 40% of respondents produced products that were eventually value-added on-farm or by another processor.
- ◆ 15% of respondents derived more than 50% of their farm's gross sales from value-added products.

SECTION 3

Marketing Your Organic Products

In this section, we asked organic producers for information about what marketing channels they use to sell their organic products. These were grouped under the broad categories of consumer-direct, direct-to-retail, and wholesale markets, and these categories in turn were sub-divided into more than 15 subcategories, such as farmers markets, restaurants, natural food stores and private grain elevators. New to our 4th national survey, responses to these questions were also requested by product category (vegetables, fruit/nuts, grains, & livestock products). We also asked about the geographic range of their organic farm product sales, based on buyer location, and the point in time of price determination, such as on the "spot" market (at point of sale) or on forward contract. Lastly, we asked about organic producers' plans to increase or decrease sales through various channels, and the kinds of marketing aids that they use. Selected results are:

Marketing channels by product category (example: vegetables, etc.)

- ◆ 80% of respondents who produced vegetable, herb, floriculture, mushroom and/or honey products sold them through consumer-direct channels; the estimated volume sold through these channels based on acres produced was 13%.
- ◆ 54% of respondents sold these products through direct-to-retail channels; the estimated volume sold through these channels, based on acres produced was 53%.
- ◆ 69% of respondents sold these products through wholesale markets; the estimated volume sold through these channels, based on acres produced was 34%.

Buyer location

- ◆ Respondents predominantly sold vegetable products locally; 79% of vegetable products were sold within 100 miles of the farm.
- ◆ Organic livestock products tended to be sold furthest from the farm of all products, with 47% sold more than 500 miles from the farm.

Point/timing of price determination

- ◆ 86% of vegetable products produced were priced at delivery (on the "spot" market) with no forward contract, while 14% of product was sold under forward contracts.
- ◆ 39% of fruit/nut/tree products were sold under forward contracts.
- ◆ 62% of grain and field crop products were sold under forward contracts.
- ◆ 20% of livestock products were sold under forward contracts.

Plans to increase or decrease volume marketed through various marketing channels

- ◆ The greatest percentage of respondents indicated that they plan market channel increases in direct-to-consumer markets (51% of respondents) and direct-to-retail markets (47% of respondents), followed by sales to local markets within 100 miles of the farm (45% of respondents).
- ◆ Respondents were most interested in expanding their volume of organic products marketed, followed by an interest in expanding the number of organic acres that they have in production.



Marketing aids

- ◆ Respondents indicated most frequently using *word-of-mouth* (with 75% of respondents using this method); and an *organic certification label* (48% of respondents using) and *telephone banking* to potential buyers (31%) as marketing aids.
- ◆ "GMO-Free" *labeling* (used by 5% of respondents) and *additional label claims* (used by 8% of respondents) were identified least frequently as marketing aids used by respondents.

Organic Market Conditions

SECTION 4

We asked organic producers to tell us about their experiences in the organic marketplace: about whether markets for their organic products are expanding or contracting (and by how much); whether organic prices are increasing or decreasing (and again, by how much), and their experience with obtaining organic price premiums. We asked about whether their organic product is ever sold into the conventional marketplace, and if so, why. We asked them to identify yields and prices obtained for selected products. We asked about what circumstances, if any, make it difficult to obtain organic price premiums, and what production, market or regulatory conditions most affect their organic operations profitability and economic sustainability. We asked them to describe what they anticipated as either positive or negative impacts of the USDA National Organic Program Final Rule on their organic farming operation. Highlights are:

Organic market expansion or contraction

- ◆ 44% of respondents reported organic market expansion rates of greater than 5% for the year.
- ◆ 9% of respondents reported an organic market expansion rate of 20% or more.

Organic price trends

- ◆ 26% of respondents indicated that their prices went up in 2001.
- ◆ 15% indicated that their prices went down.
- ◆ The largest number of respondents, 52%, indicated that their prices held steady for the year.

Obtaining organic price premiums

- ◆ 41% of respondents said they are able to obtain organic price premiums on 100% of their organically grown products.
- ◆ 86% of respondents indicated that they received a premium price for some portion of their organically grown products.
- ◆ 8% of respondents were unable to obtain an organic price premium on any of their organically grown products.

Incidence of sales of organic product into conventional markets

- ◆ 37% of respondents indicated that some amount of their organically grown product was sold into the conventional market.
- ◆ Of those respondents who sold organically grown product into the conventional market, the greatest percentage (20% of all respondents) indicated that 1-25% of their organic product was sold that way.
- ◆ Of those respondents indicating that they sold organically grown product into the conventional market, the majority (51%) indicated that they did so because an organic market was unavailable.
- ◆ 32% said they did so because the conventional price was good or high.



Production, market or regulatory conditions that serve as problems specific to delivering organic product to market, or to farm profitability.

The eight top-ranked responses, out of 32 categories, were:

- ◆ *Weather-related production losses*
- ◆ *Organic certification costs*
- ◆ *Obtaining organic price premiums*
- ◆ *High input costs*
- ◆ *Lack of organic marketing networks*
- ◆ *High labor costs*
- ◆ *Weed-related production losses*
- ◆ *Production losses due to pests or disease*

Anticipated impacts of the USDA National Organic Program Final Rule on organic producers (open-ended response structure)

- ◆ The greatest percentage of respondents, 25%, indicated that they experienced and/or anticipated *no change or problem* associated with the upcoming USDA NOP Rule.
- ◆ 16% indicated that the *organic seed requirement* is a potential problem; that organic seed is not available.
- ◆ 10% identified *certification paperwork and record-keeping* as excessive.
- ◆ 9% indicated that *composting standards* are unrealistic or unworkable.

SECTION 5

Information and Services

In Section 5 we asked organic farmers about the information and services that they use specific to organic marketing. We asked them to indicate what resources they use the most and to rank their usefulness; we asked about what information or services would be most useful to improving their ability to market organic products and to support their farm's economic sustainability. We asked about information tools and services: whether and how they use the Internet, the role of federal farm programs to their organic operations, and about organizational relationships--what farming groups they belong to. Highlights include:

Most useful information resources

Respondents indicated that *other farmers* are the most useful resource for marketing information and use them most frequently.

Respondents identified *other farmers, conferences, workshops and seminars, and newsletters/magazines* as their most useful information resources for organic marketing information. *Individual customers/consumers* and *Internet-based resources*, however, were used the most frequently.

- ◆ Public resources that normally provide agricultural information services to farmers--*university-based resources, state agricultural departments* and USDA--together were ranked as the least useful resources to organic farmers for organic marketing information, with USDA ranked at the bottom of the list as the least useful resource. These resources were also among those used the least frequently by respondents.

Market-related information or services that are most important to organic farmers

- ◆ Consistently, over the course of OFRF's four national surveys, respondents have identified *consumer education about organic food and farming* as the most important means of improving their markets.



- ◆ Consistent with responses to other parts of this survey, respondents emphasized interest in *local and regional organic market development*, identified as the second most useful service.
- ◆ *Organic-specific Research & Extension services, organic price reporting services and directories of organic product buyers* were also identified as useful services and information.

Internet access and usage

- ◆ 78% of respondents indicated that they have Internet access, with 72% identifying that they have access *at their home or farm*.
- ◆ Respondents use the Internet most frequently *to check weather*, with 61% of respondents using the Internet for this purpose.
- ◆ 50% of respondents use the Internet *to look for organic market information*.
- ◆ 28% of respondents use the Internet *to sell their organic farm products*.

Farm program participation

- ◆ 47% of respondents indicated that they did not participate in any farm-related government programs (based on the list of programs provided), over the past five years.
- ◆ Respondents identified *Farm Service Administration commodity payment programs* as the program they most frequently participate in, with 34% of respondents participating.
- ◆ 21% participated in *federal crop insurance programs*.
- ◆ 19% participated in *federal disaster payment programs*.
- ◆ Small percentages of respondents identified *organic certification cost share* and *SARE* as programs they've participated in.

Farm organization membership

- ◆ 84% of respondents indicated that they belong to at least one farm organization or trade group.
- ◆ 40% indicated that they belong to an organic-specific association.
- ◆ Almost as many, 38%, indicated that they belong to the Farm Bureau.
- ◆ 8% identified themselves as members of the Organic Trade Association.

Marketing Orders and Organic

SECTION 6

We asked organic farmers about their relationships to federal and state marketing orders, and their attitudes about them. Highlights are:

- ◆ 9% of respondents indicated that they participate in marketing order programs.
- ◆ 5% indicated participation in federal marketing order programs.
- ◆ 4% indicated participation in state marketing order programs.



- ◆ 55% of respondents participating in marketing orders indicated that *benefits to organic producers are not equal* to the benefits received by conventional producers.
- ◆ 48% indicated that funding should be *earmarked for organic marketing*.
- ◆ 40% indicated that funding should be *earmarked for organic research*.
- ◆ 35% indicated that *exemptions should be developed for organic producers*.

SECTION 7

GMOs and Organic

Organic farmers were asked about their experiences concerning the presence of genetically modified organisms (GMOs) in agriculture and the subsequent effect on production and marketing of their organic farm products. Respondents were also asked about their attitudes and concerns regarding GMOs and whether they feel that their farm products are protected from contamination by the current regulatory process in place.

Respondents' perception of GMO contamination risk to organic farm products

- ◆ 46% of respondents indicated that they believe the risk of contamination of their organic farm products by GMOs is *moderate, high or very high*.
- ◆ Respondents indicated that they believe *contaminated seed stock* (rated by 48% as a moderate to high risk) presents the greatest GMO contamination risk, followed by *GMO pollen drift in the field* (rated by 42% as a moderate to high risk).
- ◆ These are followed by *contaminated farm inputs* (30% rated as moderate to high risk), *contamination at processor or in processing* (23% rated as moderate to high risk) and *contaminated equipment* (8% rated as moderate to high risk).

Measures taken by organic farmers to prevent GMO contamination

- ◆ 48% of respondents indicated that they have taken some measures to prevent GMO contamination of their organic farm products.
- ◆ The greatest percentage (24%) indicated that they have *communicated with neighboring farmers*.

Additionally, a significant percentage of respondents have taken measures that represent potential economic impacts to their operation, including:

- ◆ 19% have *increased buffer zone size*.
- ◆ 15% have *adjusted timing of planting crops*.
- ◆ 9% have *changed cropping locations*.

GMO testing of organic farm inputs and products

- ◆ 27% of respondents indicated that some entity has requested testing of some portion of their organic farm's seed, inputs or products.
- ◆ 2% of all respondents (f=18) indicated receiving a *positive test result for GMO contamination* of some seed, inputs or organic farm products.

Economic costs to organic farmers of of GMOs in agriculture

- ◆ 8% of respondents indicated bearing some direct economic costs of GMOs.
- ◆ 4% indicated bearing the cost of GMO testing.
- ◆ 2% indicated bearing the cost of lost sales due to perceived or actual contamination.



Regulatory framework: is an adequate framework in place to protect organic farmers from GMO contamination?

- ◆ 55% of respondents indicated *no*.
- ◆ 35% of respondents said they *don't know*.
- ◆ Only 10% said *yes*.

More about you and your farm

SECTION 8

Similar to the Farm Profile section (Section 1), Section 8 requested personal and demographic information about our organic farming respondents. We asked about farm ownership; about the number of years respondents have been farming, farming organically, and how long their farm has been certified organic. We asked respondents why they choose to farm organically. We asked how they began farming organically...as a transitional farmer from conventional farming systems or as organic from the start. We asked whether they farm full or part time, whether they work off farm and if so, why; the number of family and non-family employees on their farm; the percentage of net household and gross farm income from organic operations; their level of education and their age and their gender. Highlights are:

Farm tenureship

- ◆ 94% of respondents are owners or co-owners of their organic farm.

Number of years farming, years farming organically, and years certified organic

- ◆ 45% of respondents have been farming for more than 20 years.
- ◆ 13% of respondents have been farming organically for more than 20 years.
- ◆ 79% of respondents' farms have been certified organic for 10 years or less.
- ◆ 17% of respondents' farms have been certified organic for between 11 and 20 years.
- ◆ 2% of respondents' farms have been certified organic for more than 20 years.

Why respondents choose to farm organically

Out of 17 categories provided, respondents identified their most important reasons for farming organically as:

- ◆ Land stewardship and ecological sustainability.
- ◆ Chemical avoidance for family & farmworker health.
- ◆ Chemical avoidance for environmental health.
- ◆ Organic represents good farming practices--like the results.
- ◆ Ecological principles: view farm as ecological system.

How respondents began farming organically

- ◆ 51% of respondents transitioned from conventional farming practices.
- ◆ 49% began farming as organic farmers.

Farm employees and employment

- ◆ 67% of respondents indicated that they are farming full time.
- ◆ A total of 7,985 employees were tabulated, with 33% (2,608) being farm-family employees.
- ◆ Of 1,325 year-round employees tabulated from responses, 87% were farm-family employees.
- ◆ 48% of respondents indicated that they have no off-farm employment.
- ◆ For those survey respondents who did work off the farm, their top reasons for doing so, in descending order of response frequency, were:
 - ◆ As a secondary income source (22%).
 - ◆ As a primary income source (21%).
 - ◆ To subsidize farm & capital investments (20%).



Net household and gross farm income from organic operations

- ◆ In 2001, 65% of respondents received 50% or less of their household income from organic farming.
- ◆ 43% of organic farms grossed \$30,000 or more.

Education, age and gender.

- ◆ 81% of respondents indicated receiving some level of college training.
- ◆ More than one-quarter hold bachelors degrees.
- ◆ One-fifth hold graduate degrees.
- ◆ The average age of respondents is 51 years.
- ◆ 22% of OFRF survey respondents are women.

