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Understanding Consumer Response to Meat Prices at Farmers Markets

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Many farmers market vendors make pricing decisions based on experience, intuition, or what neighboring vendors charge. While these strategies may work in the short term, they don't reflect actual market conditions or provide the precision needed in a market that's becoming increasingly competitive, especially as grocery stores begin offering more locally branded products. This study helps bridge that knowledge gap. By analyzing two years of point-of-sale data from multiple meat vendors in New York State, we explore how customers respond to different meat prices. The result is a powerful dataset that can guide better pricing decisions and ultimately improve farm profitability.

A central concept in this study is how much customer demand changes when prices change, referred to as the price elasticity of demand. When demand is own-price elastic, a small increase in the price of a specific product (for example, a 1% price increase in pork) causes a relatively large drop (more than 1%) in the quantity sold of that same product. Conversely, if it's inelastic, the quantity sold doesn't change much when the price changes. We also look at cross-price elasticity, which reflects whether customers substitute one product for another, like switching from beef to chicken when the price of beef rises. Understanding own- and cross- price elasticities among meats gives us insight into how flexible shoppers are when making decisions and whether they are comparing across vendors and meat types.

A Unique Market Environment

Unlike grocery stores, FMs operate in a distinct environment. Vendors are often the producers themselves, meaning they manage both production and sales to consumers. FM vendors typically attend markets once per week, sell a limited and seasonal inventory, and foster direct relationships with customers. All these factors influence how consumers behave and respond to pricing.

In this study, we analyzed over 40,000 transactions from six livestock farms at 15 different farmers markets. Our economic analysis accounted for variations across farms and farmers markets, product quality differences by cuts, and seasonal factors, allowing us to estimate specifically how customers react to changes in prices for beef, pork, and chicken.

Our primary hypothesis was that customers will be relatively less sensitive to price changes at farmers markets than those in traditional retail settings, largely due to closer relationships with vendors and a shared commitment to local food systems. We also hypothesized that customers don't easily substitute meat types in farmers markets, either because of vendor loyalty or limited species availability at any given market.

Key Findings:

- Pork and chicken showed elastic demand, meaning price increases are likely to reduce total revenue.
- Beef demand was relatively inelastic, suggesting that moderate price increases may not significantly affect sales.
- There was no evidence of cross-price effects, indicating that consumers don't typically switch between species based on price. This may be partly due to the fact that not all vendors offer all species at once, limiting shoppers' ability to substitute. In other words, cross-price elasticities are hard to identify when customers aren't presented with the full set of choices simultaneously.

What This Means for Farmers

These results suggest that pricing decisions at farmers markets are more consequential than they might seem. Because pork and chicken buyers are more price-sensitive, vendors selling these products need to analyze carefully when considering price increases. Raising prices could lead to fewer sales and reduced revenue. Instead, these vendors might explore bundling products, adjusting portion sizes, or offering promotions to increase the perceived value without changing prices.

For beef vendors, there is more flexibility. With more inelastic demand, a modest price increase might improve revenue without driving away customers. However, this should still be done cautiously and ideally tested with sales data over a few weeks.

Additionally, since cross-price responses are limited and not all farms offer all species, each vendor's product occupies a relatively independent space in the market. This vendor loyalty is a unique strength, one that should be reinforced through storytelling (a narrative of the farm), branding, and consistent quality. With increasing availability of "local" labels in grocery stores, FM vendors must be more intentional and strategic than ever.

Final Takeaways

Farmers must become more aware of how pricing affects their bottom line. This study makes it clear that price setting shouldn't be guesswork. Point-of-sale systems are now affordable and easy to use, and the data they provide can be transformative. By tracking sales across time and products, vendors can spot trends, test pricing strategies, and refine their approach. Vendors should also keep an eye on their competitors in grocery stores. As traditional retailers lean into local food marketing, farmers markets are no longer the only place offering "local" meat. Farmers who understand how their prices compare, and how their customers respond, are better equipped to maintain their competitive edge.

In short, this research highlights the importance of combining local knowledge with real sales data. With a better grasp of how prices impact sales, farmers can adjust strategies in ways that strengthen their position in a changing marketplace.

If you would like to read the full article, you can find it in the following link:

Rigotti, Luca, LeRoux, Matthew, Verteramo Chiu, Leslie; Schmit, Todd M., Price Elasticities of Demand for Meat Products at Farmers Markets (February 25, 2025). Cornell SC Johnson College of Business Research Paper. Available at SSRN: https://ssrn.com/abstract=5157766 or http://dx.doi.org/10.2139/ssrn.5157766

If you want to learn more about point-of-sale data analysis at farmers markets, access price reports, participate in our programming, or explore further research insights, please visit: https://farmersmarketresearch.cornell.edu/

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