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## Developing Local Markets: A Decision that Can't Be Put Off, to Benefit Small and Medium Growers

Exports of organic products to Europe, North America, and Asia represent an important opportunity for Latin America and the Caribbean. Achieving continuous and growing exports to these markets implies at least: installed capacity, production certification, and human resources trained in agribusiness. Unfortunately, due to the lack of these factors and suitable conditions for their activities, most small and medium-sized growers are unable to take advantage of international trade in organic products, at least for the time being.



In this sense, local market development becomes relevant, since it represents not only an alternative for this segment of farmers to earn returns for their productive efforts, but also because it constitutes an apprenticeship where they can learn what their weaknesses and strengths are, in order to meet international market demands.

Promoting the development of local markets means, first of all, generating well-coordinated and periodic arenas so that farmers may sell products directly to consumers, while at the same time stimulating and consolidating other more permanent markets. Some of the most frequent marketing models characterizing local markets are farmer's markets, programmed community sales, or those by contract, "door to door" delivery or sales, natural food stores, and supermarkets.

One immediate option for small and medium-sized organic farmers are "farmer's markets", understanding these as social events, not only to go shopping, but also to create a sense of identity between farmers and members of the community. These fairs are held on the street, in parks, parking lots, or sports and community facilities, which become organic market places so that producers can sell their products at least once a week directly to the consumer. This activity is related to the principles of organic agriculture, uniting segments of rural and urban populations; it is an educational experience that allows consumers to find out more about the source of their foodstuffs, have access to nutritional information, and learn about agricultural affairs.

In the United States, there are approximately 2,900 farmer's markets that guarantee 20 thousand organic farmers the ability to sell their produce and collect a billion dollars a year. With regard to these fairs, the US Congress established the "Women & Kids" program, which provides coupons for women and children at risk for malnutrition so that they have access to fresh produce such as fruits and vegetables, whether these are organic or conventional. At the same time, it increases the consumption of these products.

Another example of fairs is the idea promoted by the Centro Ecológico, in Porto Alegre State, Brazil, through the Solidarity Network for Production and Circulation of Ecological Products. It is one of the largest fairs in the country, with approximately 200 products (the equivalent of 50 tons), which benefit 1200 farm families, eight agro-industries, and 50 thousand consumers.

On a smaller scale, but with the same sense of benefiting the farmer, the Educational Corporation for Costa Rican Development (CEDECO), in Costa Rica, created a meeting site

between organic product growers and consumers with 80 different products representing an average income of \$1500 during each weekly fair. Similarly, in Panama, in an attempt to heighten local awareness with regard to the consumption of organic products, an alliance was established between the Public and Private Sectors, International Cooperation, and consumers, to promote the establishment of free fairs and basic foodstuff markets in different regions. Furthermore, taking advantage of the traditional trade among the indigenous communities, the NGO Red Agro Ecológica (RAE, Agro-Ecological Network) has developed several of these weekly fairs throughout Peru.



A second marketing alternative for the grower has been developed in California, USA, known as Community Supported Agriculture (CSA). It is a marketing system in which the grower divides and assigns his/her harvest to the members of a community through the direct sale of annual, monthly, or semester shares (contracts). Among the main advantages of this system are the fact that growers have a prior harvest plan, according to the number of shares sold or contracts established, the risk is shared between growers and consumers, and both achieve better prices for the purchase and sale by completely eliminating the middleman. Other countries such as Peru and Brazil are using this marketing system as well.

Another way to reach the organic product consumer is through "door to door" sales. In Argentina during the 80's, before the certification system became fully established, the country was unable to export these products. The only existing market was the local market; a large number of small scale vegetable, fruit, cheese, honey, chicken, and olive oil producers had to sell their products on a door to door basis, before being able to sell massively to more demanding markets. In Panama, the Diocesan Social Training Center in Buena Vista works with a group of farmers producing tubers, fruits, and vegetables to supply the "Friends of the Diocese", among whom are Italian and Spanish restaurants. Uruguay and Brazil have used this type of home sales for about 20 years.

Similar to the three foregoing models, that promote an approximation between the grower and the consumer, natural food stores as specialized points of sale are also fundamental promoters of organic production in local markets. In Argentina, there are currently 180 different natural stores known as "dietetic stores", where only organic or macrobiotic products are sold. Other experiences come from Bolivia, where the El Ceibo Cooperative has 15 specialty stores (12 in the capital) and Costa Rica, with Alternative Trade (Comercial Alternativo), a firm whose mission is to work based on a just and environmentally healthy trade with the farmers, growers, and organized groups.

In recent years, natural food stores have lost ground to supermarkets, where one can frequently find a variety of organic products. This fifth option represents a good indicator of the level of preparation of growers, in terms of volume, frequency, quality, and presentation, and without a doubt, requires a greater degree of development on the part of organic farmers. One example of stores where organic foods are offered is Grupo Mas X Menos, a company whose central axis is the Corporación de Supermercados Unidos CSU , with more than 92 points of sale in Honduras, Nicaragua, and Costa Rica. Specifically in the latter country one of the most important organic suppliers of the Corporation is the agribusiness Jugar del Valle , which began in 1988 as a group of small farmers called the "Shogos". Currently, this group produces 15 different organic products and maintains the supply all year long; transporting practically one truck a day, which represents 2000 boxes per week, for the Costa Rican market.

In Panama, after a small grower from Cerro Punta in Chiriqui approached the Center Riba-Smith supermarket to offer his products, this became the first chain interested in organics. Given consumer ignorance, and thus lack of confidence towards things organic, Center Riba-Smith printed some flyers that emphasized what an organic product is, why to buy it, and how it differs from conventional products. In El Salvador, Despensa de Don Juan Supermarkets are also working on training and information programs with the Cancer Association and individuals involved with heart disease, since they believe that consumers already understand that organic fruits and vegetables are beneficial for their health. Other supermarket chains on the continent interested in organic products are Cadena Jumbo, Coto, Nord, and Carrefour in Argentina, as well as El Rey in Panama and Pão de Açúcar in Brazil.

No matter what their point of sale, development level, or demands, local market potentials are enormous. Taking advantage of them will depend on public and private sector efforts to maintain and improve the following conditions:

1. **Volume, frequency, and diversity.** Growers need to increase supply with greater organizational capacity, which would allow putting more land into programmed production to have a varied supply available throughout the year and at any time the client might require.
2. **Certification.** Although a mandatory practice for international markets, certification in local markets also represents a "guarantee" for the consumer that the product is 100% organic. The present challenge is to achieve a guarantee system for the consumer, such as seals, certification, or other local preferences, which have a minimal impact on the final product prices.
3. **Quality and safety.** Good Manufacturing Practices (GMP) and Good Agricultural Practices (GAP), known to many as the programs for suitable, quality, harmless production, and conservation, together with the certification will build consumer trust on purchasing organic products. Any irregularity in quality or indications of harm to the environment or human health, will affect the consumer's purchasing impulse.
4. **Price.** The grower cannot maintain a permanent expectation of selling his/her products at prices over those of conventional products. Prices must be based on real production costs. The surcharge, should there be one, will represent an additional income based upon market supply and demand conditions and not because they are organic products.
5. **Information.** Lack of awareness of organic products and their value must be remedied with greater information, education, and training, not only for growers, but also for vendors (who handle the product at the point of sale), and final consumers. This process must take place throughout the whole supply chain with a marketing strategy, which needs to include personal promotion, tours, flyers, and recipes that promote the use of organic products and their attributes.
6. **Promising products.** Any supply must respond to a market; therefore, production must concentrate on those fruits and vegetables that have promise, among these, basic products recommended are: potatoes, carrots, bell peppers, tomatoes, onions, lettuce, coriander, cabbage, as well as high consumption fruits, such as melons, watermelons, mangoes, papaya, bananas, plantains, and citrus fruits. Products with value added, such as pre-cut salads and minimally processed vegetables, are also in high demand.

Working on these conditions will guarantee not only growth and consolidation of local markets, and eventually an increase in exports, but will also ensure the permanence of small and medium-sized farmers, who are involved in the largest proportion of organic production in Latin America and the Caribbean.

