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2020 Appalachian Grown Annual Producer Survey Report

ASAP Local Food Research Center
February 2021

Introduction



About the Appalachian Grown Program

ASAP's mission is to help local farms thrive, link farmers to markets and supporters, and build healthy communities through connections to local food. To support Southern Appalachian farms and build a local food system, ASAP developed the Appalachian Grown™ program in 2007 with the goal of expanding local market opportunities for farmers by providing a way for the public to easily identify products from local farms.

Appalachian Grown is a branding program for farms, farmers tailgate markets, retailers, and wholesalers that annually certifies food and agricultural products grown or raised on farms in Western North Carolina and the Southern Appalachian Mountains. This region includes 60 Appalachian counties in North Carolina, Georgia, South Carolina, Tennessee, and Virginia. A trusted label helps buyers and shoppers know when they are spending their dollars to the benefit of local family farms and communities. Participation in the program also provides connection to a network of family farmers in the region as well as access to services, and educational materials and resources to support viable farms and a strong local food system.

In 2020, 889 farms were Appalachian Grown certified.

The Appalachian Grown 2020 Producer Survey

Every year since the Appalachian Grown (AG) program was founded, a survey has been sent to participating farms to assess the impact of program services and support and gather feedback to shape the program's future direction.

In October 2020, this annual online survey was sent to 775 AG certified producers—those farmers for which we had a valid email address. The survey asked about their experiences farming in 2020, including questions addressing the impact of the COVID-19 pandemic. It opened October 29, 2020 and closed on December 18, 2020. A total of 208 out of the 775 producers completed the survey, a response rate of 27 percent.

This report contains the findings from the survey.

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Executive Summary: The Impact of the COVID-19 Pandemic

This report presents the findings from an annual survey of Appalachian Grown certified farmers in the Southern Appalachians. The majority of respondents are North Carolinians who have been farming for fewer than 10 years and who own or operate small-scale farms. In the survey, farmers share information about the markets they sold to, the strategies they used, and the challenges they faced. This year's survey contained a new section specific to the COVID-19 pandemic. However, the pandemic was so impactful that responses throughout the survey reflect the added challenge of operating during a time of great uncertainty.

COVID-19 had an immediate and dramatic impact on the farming community. The survey data tells a story of perseverance. For most farmers, the pandemic swiftly upended months of crop and business planning. Fifty-two percent reported fewer local market outlets for their products in 2020, compared to only 11 percent who reported fewer at the end of 2019. For many, the loss of restaurant sales was the biggest disruption—74 percent of farmers reported decreased restaurant sales as a result of restaurants closing or downscaling to operate under capacity limitations.

Tailgate markets are consistently the most popular outlet for local food in the region. Despite the safer, outdoor nature of these markets, many farmers also experienced challenges there. Some markets closed, delayed opening, or had to limit the number of vendors. Some farmers who were able to vend at their usual markets experienced fewer sales due to customer capacity restrictions or customers making fewer trips outside their homes. The cancellation of events, such as weddings, seasonal festivals, and farm tours also took a toll.

However, the adaptable nature of the region's small and diversified farms enabled most to pivot (sometimes multiple times) to new market outlets and to establish relationships with new buyers. On average, farmers sold through three different market outlets. In addition to farmers markets, many farms opened or ramped up sales through farm stands, online stores, and CSAs, with a significant number turning to these outlets for the first time in 2020.

Beyond the direct impact to markets and sales, farmers also experienced production challenges as a result of the pandemic. Sixty-three percent reported challenges in sourcing supplies and equipment like seeds, feed, inputs, packaging, tools, and machinery. Fifty-five percent reported challenges in processing their animals due to closed or delayed meat processing facilities. Finally, 39 percent reported challenges in finding and hiring workers or apprentices.

Despite all this, many farmers reported customers' increased interest in and dedication to buying local food. Nearly half of all farmers surveyed reported higher sales in 2020 than in 2019—though this is a drop from the nearly 60 percent who reported higher sales at the end of 2019. Additionally, the pandemic also caused an overall increase in costs. More than half reported increased production costs, such as more expensive materials and storage as well as additional labor requirements. Nearly half reported increased marketing costs, including investments in new technology like websites, online stores, and credit card swipers; additional packaging materials to limit possible points of virus transmission; and greater advertising needs to communicate with customers about frequently changing conditions and about where to find their products.

With the pandemic continuing, nearly 80 percent of farmers reported planning to adjust their farm/business plans again in 2021, including increasing or diversifying production, expanding online sales platforms, and altering marketing strategies. Only seven percent anticipate reducing production or scaling down while they ride out the uncertainty.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic had a dramatic impact on the way that farmers grew and marketed their products in 2020. This section explores the consequences of the pandemic and subsequent restrictions, its effect on the region's farms, and how farmers adapted throughout the year.

The biggest impact on farmers was the loss of sales outlets and the task of pivoting to new market outlets and establishing relationships with new buyers. **Forty-eight percent of farmers reported selling to new or different markets because of the pandemic.**

For many, the loss of restaurant sales had the largest impact. Many restaurants downscaled or closed when forced to operate with reduced seating capacity. Some canceled existing contracts.

"We have only sold directly to chefs for over a decade. When the lockdown was implemented we had to quickly change our growing plan, and scramble for individual direct sales with delivery."

Many other farmers faced challenges getting into their usual farmers markets due to market closures or size limitations. Others who were able to vend experienced fewer sales due to restrictions on the number of customers permitted at a time and customers choosing to limit the number of trips outside their homes.

"One of our biggest challenges revolved around the limited amount of space at the tailgate market. [It] was always our highest grossing market, so finding a new one to replace those sales presented a big challenge."

Other farmers experienced a loss of sales at events, such as weddings, seasonal festivals, and on-farm events and tours.

"I grow flowers for wedding florists, and bulk to couples, as well as design. All the full-service weddings canceled or delayed their ceremonies for a year, which meant I was refunding deposits or having to reschedule and not receive the capital for these weddings this year."

The farmers that fared the best were those that had diversified market streams from the onset of the pandemic or were able to quickly shift their business and marketing plans.

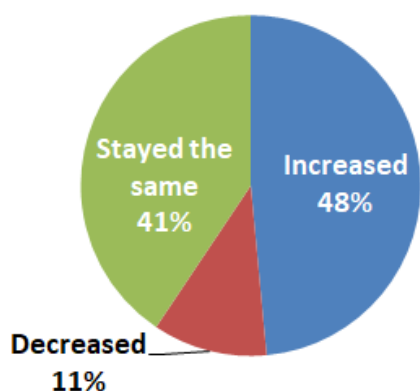
"I had to shift and reshift our production and markets based on restaurant operations and farmers market demand. Overall our sales were good but the supply line is shaky and expensive and many people opened new farms this year so competition increased as well. I had to find new customers quickly and adapt my production schedule to individual clients instead of large weekly orders. Our packaging was reusable, and I changed that also."

Some farms, especially u-pick farms and meat producers, experienced significant increases in demand due to customers' desire for safe outdoor activities and concern about the stability of the global food supply chain.

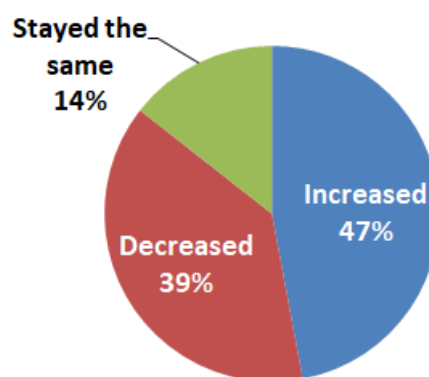
"We truly see that the pandemic has caused many people in our community to realize and discover just how important it is to support our local food systems. Our sales have risen with many new and returning customers. Many of which express their appreciation to us often in deep words of recognition and gratitude."

This increased interest in local food contributed to higher sales for many farmers. Nearly half of all respondents reported an increase in sales, but also a nearly identical number reported increased costs. **Forty-seven percent reported an increase in sales, while 48 percent reported an increase in production and marketing costs.** Production costs included more expensive materials and storage as well as additional labor needed to sell. Marketing costs included investments in new technology like websites, online stores, and credit card swipers; additional packaging materials to limit possible points of virus transmission; and greater advertising needs in order to communicate to customers about frequently changing restrictions and where to find products. Very few reported a decrease in production or marketing costs, but **over a third (39 percent) reported a decrease in sales.**

Production and Marketing Costs



Sales



"We had to purchase extra packaging materials as well as a new website for CSA. Which was a big expense early on in the season when our business does not yet have an income stream."

Beyond the direct impact to markets and sales, the production side of farming was also impeded by the pandemic. **Sixty-three percent reported challenges sourcing supplies and equipment** like seeds, feed, inputs, packaging, tools, and machinery. **Fifty-five percent reported challenges processing their animals** due to closed or delayed meat processing facilities. **Thirty-nine percent reported challenges finding and hiring workers or apprentices.**

Production Challenges



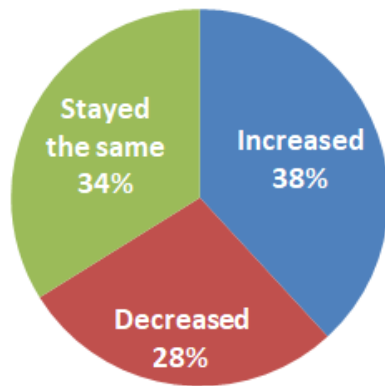
"Seed companies were backed up. We couldn't find a place to order our turkeys. Mason jars were even hard to find."

"We sell retail beef and pork cuts and we are still having issues obtaining butchering dates. Most butchers are booked until next summer."

"We have been reluctant to hire workers due to the virus and wishing to maintain distance with others."

Ultimately, the data on the pandemic's impact on farm production was mixed. **Thirty-eight percent reported an increase in how much they grew, 28 percent reported a decrease and 34 percent kept production levels about the same as 2019.**

Overall Farm Production



"We grew the number of chickens and turkeys so fast this year we were scrambling to keep up. In ordinary times we would never have added so many animals so quickly."

Farmers offered advice to others based on their experiences adapting their farm/business plans. The top recommendations include expanding into online sales, being flexible, diversifying market outlets and products, and adapting on-farm spaces for safe agritourism.

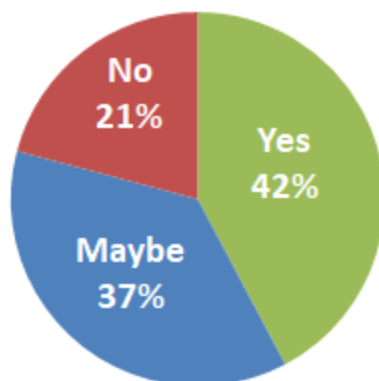
Lessons learned and farmer recommendations

Theme	Quote
Explore Online Market Outlets n=14	<p>"We adapted our farm business plan to have a larger online presence and store. This helped our customers be able to find us and purchase from us on a regular basis without taking up much of my time, which is needed in the field."</p> <p>"We gained new customers through an online pre-order/pickup program. It required more time organizing orders, but gave us a better outlook of what we would sell versus just going to market. Online sales aren't weather dependent."</p> <p>"The online sales method was helpful when the initial panic ensued, but it takes so much organization and prep that I can see it wouldn't be for everyone. With our diverse crops it took so much attention to detail and a good bit of web, Excel spreadsheet, and organizational skills."</p>
Be Flexible n=12	<p>"Be adaptable, go with the flow. Make sure it's working for you and your business."</p> <p>"Don't give up, even when failure happens. Do your research, reach out to experienced farmers, and always, always expect change."</p>
Diversify Market Outlets n=11	<p>"Be adaptable! Learn to pivot. Don't sell through just one avenue; stay diversified with direct to consumer sales, wholesale, and restaurants. Be willing to hustle for sales when you need to."</p> <p>"We added a CSA and local wholesale accounts along with our two farmers markets. The pandemic opened our eyes to how important it is for us to have multiple outlets for getting our produce out to the community."</p>

Diversify Products n=8	<p>“Get into a certified kitchen and start preserving the foods you grow.”</p> <p>“Diversify. Don't put all your eggs in one basket. We raise cattle, pigs, chickens, make value added products, jams, jellies and soaps. We have rental cabins as well.”</p>
Sell On Farm/ Adapt your On-farm Space n=8	<p>“If you receive visitors, implement a reservations system. It will help you staff, plan, and manage your busy times by limiting the number of visitors and more evenly distributing their visits over the course of the times your farm is open to visitors.”</p> <p>“The pick your own orchard was a great success. We had less expense in picking and packing and a whole new customer base.”</p>
Increase Production n=6	<p>“Based on the different strategies we used, we would increase our production to meet additional customer demand for our vegetables.”</p> <p>“Saw the increase in sale of plant starts in March and quickly seeded as many pots as could fit in the greenhouse.”</p>
Improve Marketing/ Communication n=5	<p>“People are generally willing to come and pick up orders if you communicate availability to them.”</p> <p>“We showed more pictures of people spread apart on the farm to show the space and give the feeling of openness.”</p>
Find and Keep Labor n=4	<p>“The one piece of advice I would share is that if farmers can really do a great job of housing and maintaining interns this would serve them well.”</p> <p>“We cut our costs and overhead as much as possible to stay lean and to keep our employees employed.”</p>
Make investments n=2	<p>“Comb the farmer friendly organizations and SBA for grants and in-kind assistance. Make investments in capital goods that serve dual purposes or that can be resold.”</p> <p>“Place seed and supply orders as early as possible. Invest in equipment!”</p>
Minimize Risk n=2	<p>“We have always started projects on the small side and grown them when we judge them profitable and worthwhile. I certainly recommend that strategy to any farmer. Minimizing risk!”</p> <p>“Stick to what you are best at growing! It was not a time for experimenting for us.”</p>
Scale Back n=2	<p>“Taking a season off to grow for yourself is wonderful. You get to experiment, spend more time preserving food, and enjoying the land.”</p>
Other n=11	<p>“Stay in touch with Cooperative Extension service to get guidelines to follow.”</p>

Building off of lessons learned in 2020, **79 percent of respondents will likely adjust their farm/business plan in 2021 as a result of the pandemic.** The most common adjustments reported include increasing or diversifying production, increasing direct sales or online sales, and reducing production.

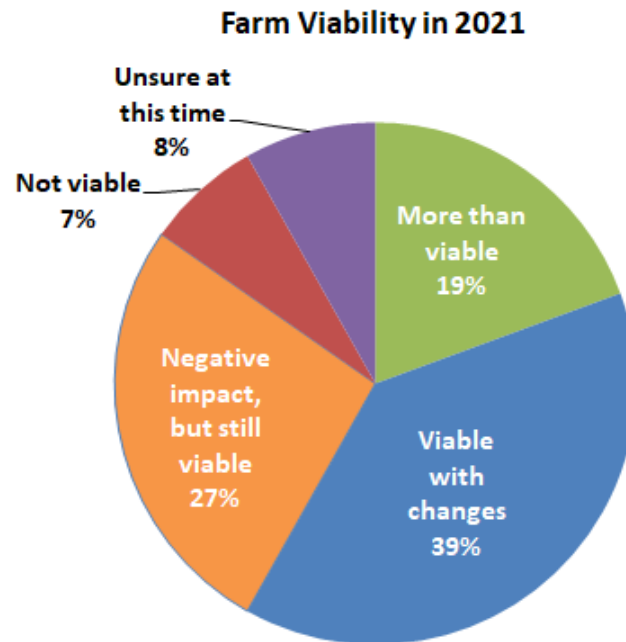
Plans to Adjust in 2021



How farmers plan to adjust in 2021

Theme	Quotes
Increasing/ Diversifying Production 37%	<p>"I plan to continue to increase production. The demand is there."</p> <p>"Growing a larger variety of produce, and increasing value-added products."</p>
Increasing Direct Sales 23%	<p>"CSA expansion in lieu of retail outlets and farmers markets."</p> <p>"We plan on focusing on on-farm pickup options, perhaps offer u-pick."</p>
Increasing/ Expanding into Online Sales 16%	<p>"We plan to continue with on-line marketing and drop-off once per week."</p> <p>"We plan on focusing on online sales."</p>
Reducing Production 10%	<p>"Reduce cattle and swine numbers to match direct sales."</p> <p>"Plant less, less variety."</p>
Pause/Scale Down Farm Business 7%	<p>"We're seeking off the farm income but plan to return to agritourism once our society returns to normal."</p> <p>"We are taking the year off to re-evaluate, learn through a farming business course to increase our skills as business owners, not just growers."</p>
Expand/Alter Marketing 7%	<p>"Additional marketing to capture more direct to consumer options."</p> <p>"Continuing to utilize social media to connect."</p>
Other 17%	<p>"Committing to processing dates before I have the livestock raised. Figuring out alternative ways to find/retain staff."</p> <p>"Be better prepared for more customers. Parking, traffic and people flow."</p>

Farmers were asked to describe how they thought the pandemic would impact the viability of their farm business if the pandemic and subsequent restrictions continued into 2021. **Eighty-five percent of farmers reported that their farm business will remain viable even if restrictions continue in 2021.** Thirty-nine percent reported that the impact would be similar to 2020 and they would continue making changes to keep their business viable. Nineteen percent reported that they actually expected an increase in business due to growing interest and demand in local food. Twenty-seven percent reported anticipating significant hardships if restrictions continued, but their business would survive. Eight percent reported they were not sure at this time. Seven percent reported that if restrictions continued in 2021, they would significantly scale down, pause, or close their farming business.



Markets and Farm Sales

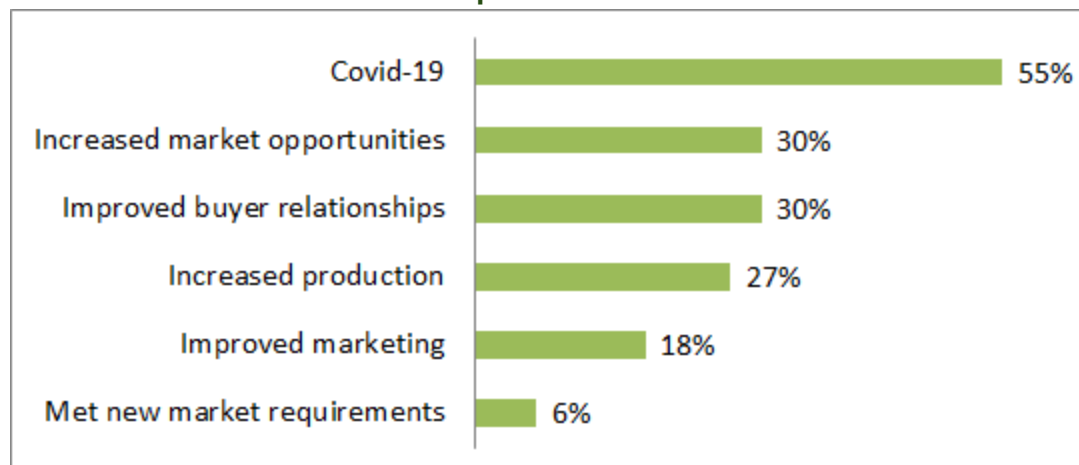
This section explores the market opportunities available to farmers in 2020 and how they compare the previous year and how that impacts farmers sales. Most farmers sell through a mix of different market outlets, many of which were disrupted by the pandemic. The survey sample includes 27 percent of all Appalachian Grown farmers. This sample size is significant, but not entirely representative. Respondents skew toward producers selling smaller volumes to direct markets. Many of the farmers in this region who sell large volumes of products to wholesale markets and earn higher gross sales are missing from our sample.

Fifty-three percent of respondents reported there were fewer local market outlets for selling their product in 2020. This is a significant increase from 11 percent in 2019—again demonstrating the impact of the pandemic. The decrease in market outlets forced many farmers to explore establishing systems for selling to different outlets than usual. **The pandemic was the biggest factor in farmers' expansion into new market outlets.**

Market Opportunities

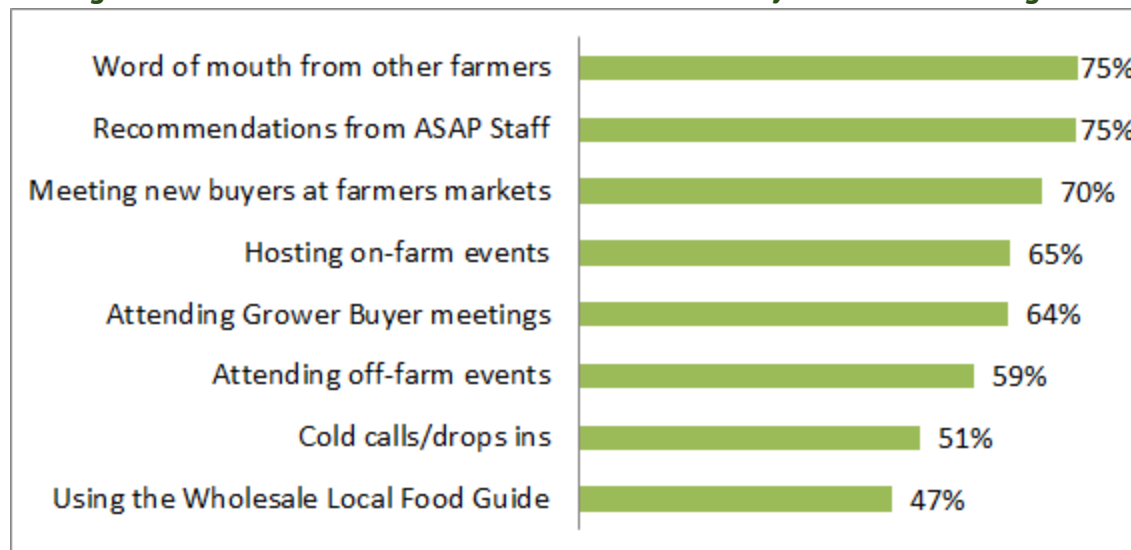


Factors that influenced farmers' expansions into new markets in 2020



Selling products through local market outlets requires finding and building relationships with buyers, whether those buyers are individual direct sales customers, wholesale distributors, or institutional clients. Farmers use many strategies for establishing and maintaining relationships with buyers in different market outlets. Farmers reported the best strategies for finding new buyers included word of mouth from other farmers and recommendations directly from ASAP staff.

Strategies farmers used and rated as 'useful' or 'extremely useful' for finding new buyers



Building relationships with buyers often depends on strong marketing to communicate about product availability and build customer loyalty. Farmers reported that social media is the most useful strategy, followed by sharing their farm story and sampling their products.

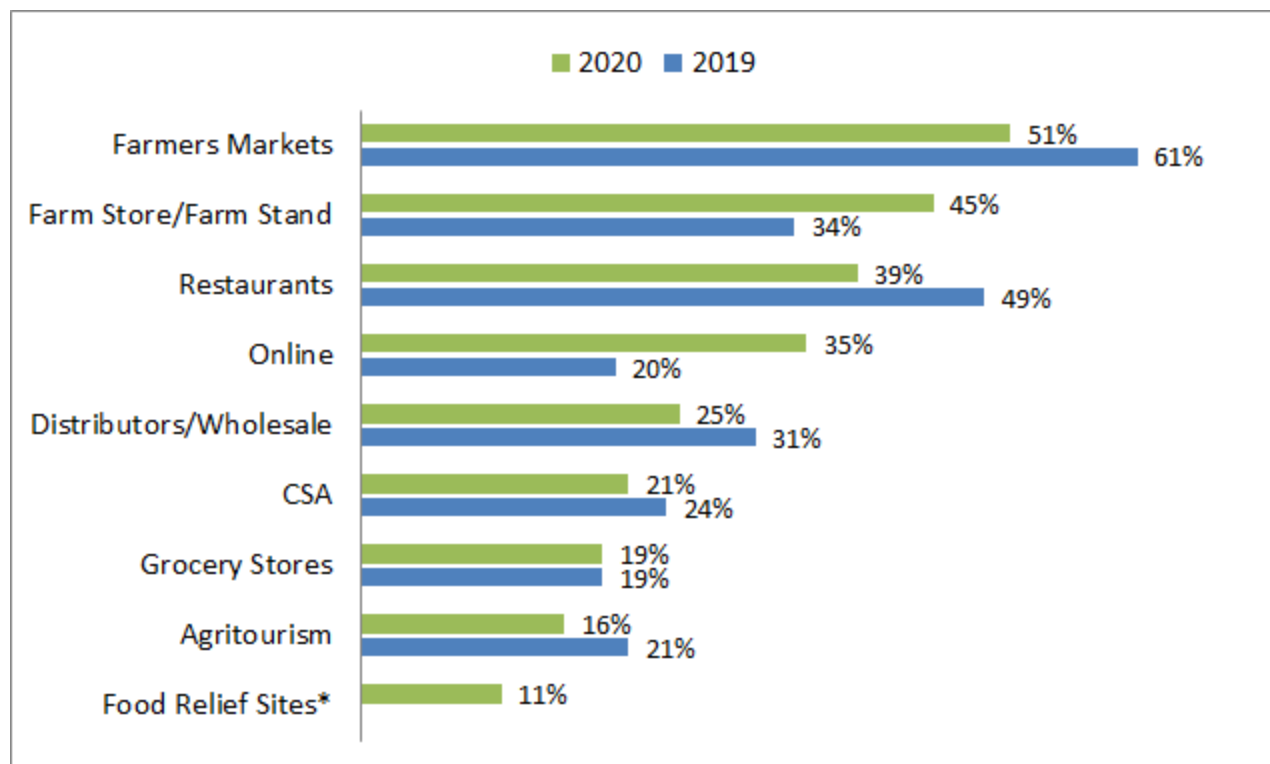
Strategies farmers used and rated as 'useful' or 'extremely useful' for building customer relationships



Most farmers diversify their sales between multiple market outlets. **In 2020, farmers sold to an average of three different market outlets.** This is the same average as in 2019. **The most popular market outlets are farmers markets, with 51 percent of farmers selling some or all of their products there.** This is followed by farm stands (45 percent), restaurants (39 percent) and

online stores (35 percent). Farm stands and online sales were the only market outlets that had a larger percentage of farmers selling there in 2020 than in 2019. However, this does not indicate what proportion of farmer's sales were made in each market. Some farms dropped their less profitable market outlets and directed a greater portion of their products through other outlets.

Percent of farmers that sold to each market outlets in 2020 and 2019

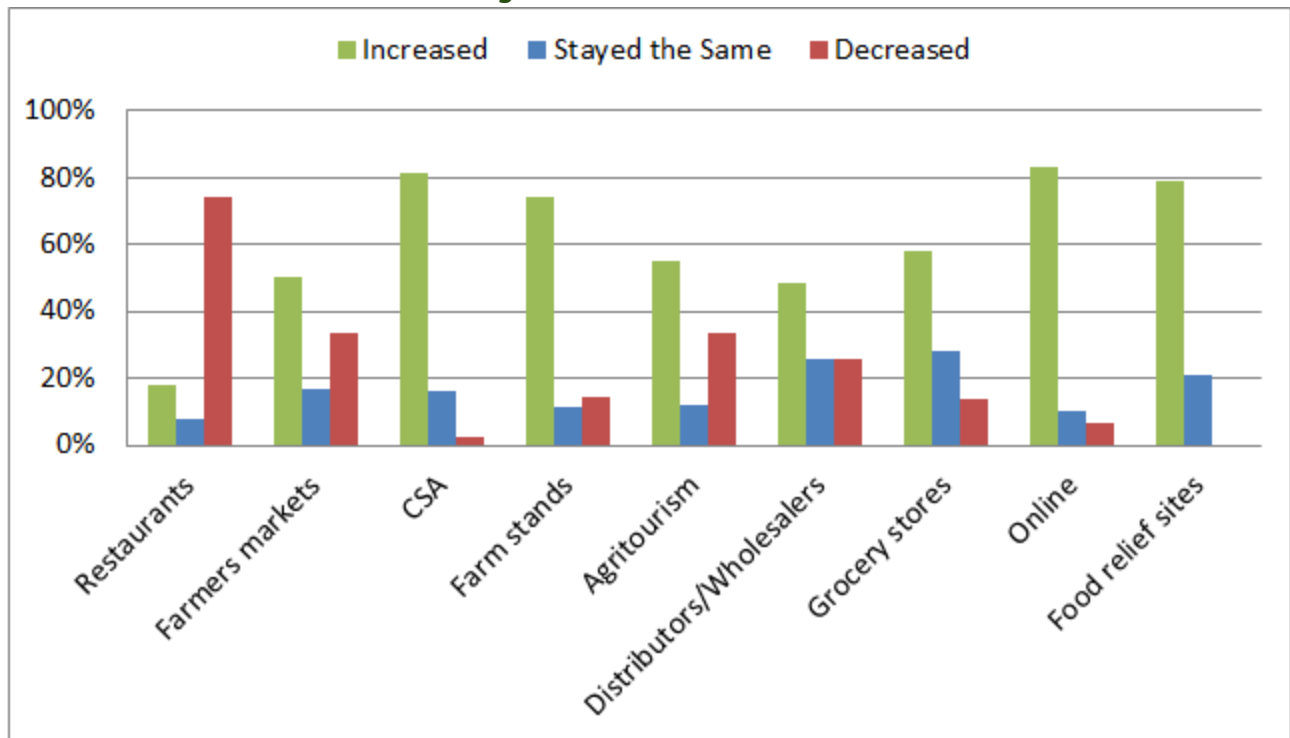


* the 2019 survey did not ask about sales to food relief sites

Farmers also shared how the sales they made at each market outlet changed between 2019 and 2020. The impact of the pandemic is evident in these fluctuations, resulting in decreased sales from some outlets, but increased sales through others. **Seventy-four percent of farmers who sold to restaurants reported decreased restaurant sales in 2020.** In contrast, the majority of farmers selling to online markets, CSAs, and farm stands experienced increased sales at those market outlets. **Eighty-three percent of farmers who sold through online markets, 81 percent of those who sold CSAs, and 74 percent who sold at farm stands reported increased sales at each of those outlets in 2020.**

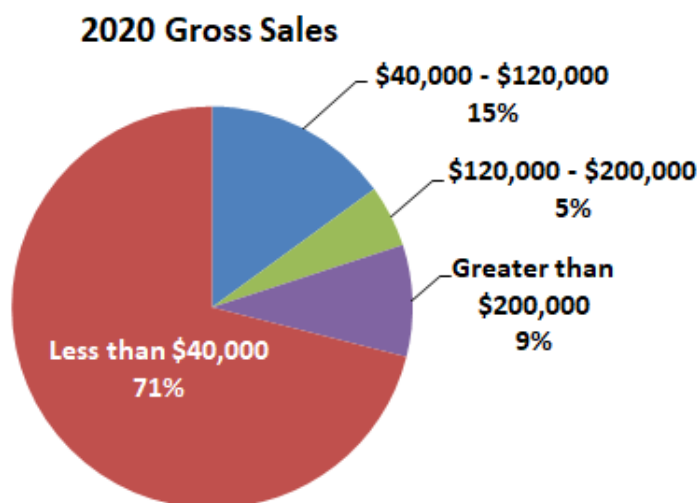
Farmers selling to food relief sites also reported increased sales, but that is primarily the result of ASAP's new Appalachian Farms Feeding Families program. This program connects farmers to food relief sites in their communities and compensates them for their products. For other market outlets like farmers markets and agritourism ventures (including farms with u-pick operations, lodging, etc.), the sales data is mixed, but overall positive. **Half of the farmers selling to farmers markets reported increased sales there, while a third reported decreased sales. Similarly, 55 percent of farmers selling through agritourism outlets reported increased sales while 33 percent reported decreased sales.**

Percent of farmers whose sales changed for each market outlet

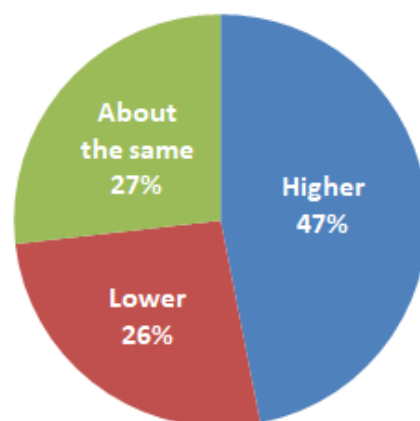


Forty-seven percent of farmers reported their gross sales were higher in 2020 than 2019.

This is a decline from the 57 percent who reported higher gross sales compared to the previous year in the 2019 survey. Gross sales of Appalachian Grown farms vary widely based on maturity, desired scale, growing conditions, market opportunities, and more. Nearly three quarters reported earning less than \$40,000 from their farm business in 2020. **Two thirds of Appalachian Grown farmers reported generating less than half of their total household income from their farming business**, indicating that for many, farming is either not their primary or full-time profession, and/or that other members of their household work off the farm.



2020 Sales Compared to 2019



When asked about their greatest challenges in selling to local markets, answers varied, but the COVID-19 pandemic was the most frequently cited. This is followed by marketing challenges, insufficient customer demand, insufficient supply to meet customer demand, competition, production challenges, time, distribution, labor, and customer education.

Challenges selling to local markets

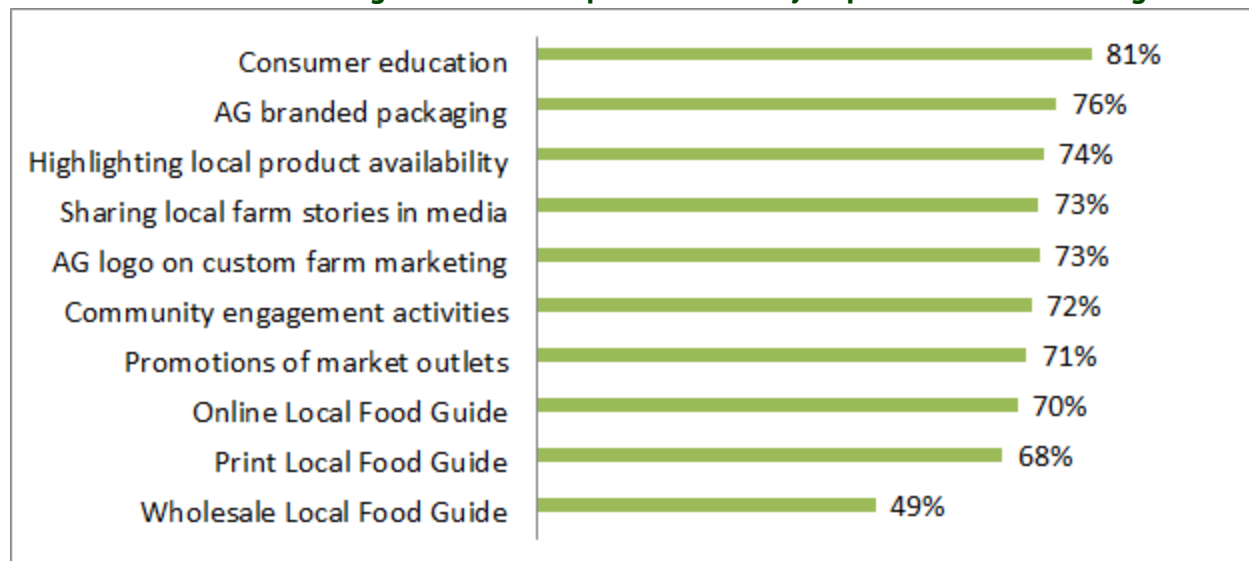
Theme	Quotes
COVID n=23	<p>“I had planned to market to restaurants this season, but that option seemed entirely too unstable for me this year with the pandemic.”</p> <p>“Accessing retail customers. COVID has made this more challenging with fewer people shopping at market.”</p>
Marketing n=15	<p>“Marketing and telling our story well.”</p> <p>“Advertising. Marketing costs directed to the general public is expensive.”</p>
Sufficient or Consistent Demand n=14	<p>“Lack of demand.”</p> <p>“Having consistent customer attendance at the farmers market.”</p>
Sufficient or Consistent Supply n=13	<p>“In recent years, we have not had enough apples to meet demand.”</p> <p>“Growing enough over a long enough season.”</p>
Competition n=13	<p>“Competition from others and getting into markets.”</p> <p>“Competition and authenticity of lower-priced products.”</p>
Production Challenges n=10	<p>“Our biggest challenge is always securing farmland. The resources available to us in every other aspect are remarkable and really help us as new farmers.”</p> <p>“Weather challenges.”</p>
Time n=10	<p>“Really, it’s just time to deliver and connect. I spend a lot of time growing.”</p> <p>“Second job.”</p>
Distribution n=9	<p>“Delivery, as customers are widely distributed over a large geographic area.”</p> <p>“Distribution/Delivery.”</p>
Labor n=7	<p>“Not having enough labor.”</p> <p>“Finding workers to pick berries.”</p>
Customer Education n=4	<p>“Getting people educated about local food and why it costs more.”</p> <p>“Support of local food in the general public and especially people younger than 50, sustained dedication and interest in local farms.”</p>

Participation in the Appalachian Grown Program

This section asks farmers to reflect on their participation in ASAP's Appalachian Grown program and what impact, if any, it has had on their farm business.

ASAP offers farmers promotional materials and discounted branded packaging to help customers identify and recognize their product as locally grown. These include stickers, bags, wax boxes, twist ties, and more. In 2020, **64 percent of farmers reported identifying some or all of their products as local with Appalachian Grown labeling.** In addition to the branded packaging, farmers identified consumer education and highlighting local product availability as the most important, or valuable, pieces of the Appalachian Grown program that help to increase their sales.

Farmers rated the following services as 'important' or 'very important' for increasing sales



The impact ASAP's Appalachian Grown Program has had on farmers (selected testimonials)

"The AG program has connected us with buyers that we would not have interacted with otherwise. This has helped us to maintain through 2020 and hopefully will bring a brighter year in 2021."

—Growing Greens Family Farm

"Eighty percent of the connections we've made with restaurants and other wholesale clients have been a direct result of ASAP's events, staff recommendations, or programs. We have a website, packaging, and promotional materials for our farm thanks to the AG program. Our two tailgate markets are supported and thriving, in large part because of ASAP's excellent marketing support and training of market managers. The impact of ASAP on our farm is immeasurable. However, one thing is for certain—our sales, our farm, and our life are more sustainable because of ASAP and their efforts in the community. Now more than ever, ASAP's work is critical to farms in Western North Carolina and beyond." —Anonymous AG farmer

"The AG program publicly validates our farm and this is important as we strive to provide the highest quality of produce and to strengthen our local economy. The program is vital for the direction of the public to support local farmers while greatly improving their overall health and wellness by buying local, fresh food." —Willow Springs Herb Farm