

January Newsletter 2022

Hello Colleagues and Friends,

Welcome to 2022! This month's newsletter features:

- The Market Corner article by C-FARE Board Member **Sean Cash** discussing Online Food Retail.
- A new feature to our newsletter titled C-FARE's Monthly Facts. This month features U.S Agriculture by **Gal Hochman**, C-FARE Board Chair
- C-FARE will host a webinar entitled "Economic and Policy Issues in Online Food Retail" on **January 24 at 12 pm ET**. [Register here](#).
- Check out our third episode of C-FARE's podcast [Get a Grip with FARE](#) featuring Terry Cosby, Chief of the National Resources Conversation Services (NRCS).
- Our webinar on Carbon Sequestration: The Geological and Biological Potential is on our [YouTube!](#)
- New Direction features articles and papers titled:
 - [Online Sales: A Direct Marketing Opportunity for Rural Farms?](#)
 - [Convenient Economics: The Incorporation and Implications of Convenience in Market Equilibrium Analysis](#)
 - [Local Food Supply Chain Dynamics and Resilience during COVID-19](#)

Keep reading to learn more,

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Market Corner

It will not be news to anyone reading this column that online grocery sales have grown in importance in the last few years.

Between 2019 and 2020, the number of U.S. shoppers who used online platforms to purchase at least some of their groceries jumped from 19% to almost 80% ([Redman, 2020](#)), and market predictions suggest that 20% or more of all grocery sales could be online by 2026 ([Mercatus, 2021](#)).

Some of this recent growth was fueled by the changes in consumer habits that accompanied the arrival of Covid-19, but factors predating the pandemic – such as the acquisition of Whole Foods by Amazon in 2017, and the launch of the SNAP online purchasing program in 2019 – are major factors as well.

This rapid growth has outpaced federal regulatory attention to the online provision of nutrition and allergen information historically required on food product labels. Much of U.S. food labeling regulations are based in an expectation that consumers can inspect food packaging to access mandated guidance such as the Nutrition Facts Panel, and can then use this to make informed

purchasing decisions based on data provided in a consistent manner. Online settings raise new questions regarding who is responsible for ensuring that consumers can access this information.

In a [newly released paper](#), my co-authors and I investigated this question by performing a scan of products across nine national online retailers. Our examination revealed concerning deficiencies in the provision of required Nutrition Facts labels, ingredient lists, common food allergens, and percent juice for fruit drinks. Required information was present, conspicuous, and legible for only 36.5% of observations. At the same time, voluntary nutrition-related claims were more frequently and conspicuously displayed than the mandatory information. Our work also includes a legal examination that notes that the Food and Drug Administration, Federal Trade Commission, and U.S. Department of Agriculture do have existing regulatory authority over labeling, online sales and advertising, and Supplemental Nutrition Assistance Program retailers that could be utilized to address deficiencies in the provision of required information in the online food retail environment.

With an eye toward better understanding these and other issues posed by the explosive growth of online grocery stores, C-FARE will host a webinar entitled “Economic and Policy Issues in Online Food Retail” on January 24. This session will feature a panel that includes [Norbert Wilson](#), the incoming President of the Agricultural and Applied Economics Association and Professor at Duke University; [Jennifer Pomeranz](#), a public health lawyer and Assistant Professor at New York University; and myself. Dr. Wilson will lead off the panel with an overview of the societal implications of online grocery platforms. I will then describe more on our work characterizing the failure of online food retailers to consistently provide nutrition information that is otherwise required and expected in conventional environments and discuss possible repercussions of these incongruencies. Prof. Pomeranz will then continue by describing the legal challenges to, and possible remedies for, addressing the current deficits in the information available to online food shoppers. Please [join us](#) at 12pm EST on Monday, January 24 if you are interested in hearing more on these topics.

Sean Cash, C-FARE Board Member, Tufts University

C-FARE’s Monthly Fact

U.S. Agriculture

Every five years, USDA National Agricultural Statistic Service administers the Census of Agriculture. The next one is due this year!

These censuses have a wealth of information and offer a complete count of US farms and ranches and those that operate them. We used this new section to share information with you. This month, we decided to look at the US farm size over time and its value.

We first looked at the number of US farms documented during the last eight censuses (from 1982 to 2017). Figure 1 suggests that the number of farms declined from 2.24 to 2.04 million, a

decline of 8.9%. However, the market value of agricultural products sold increased by 95% over the last four decades—from \$131.9 billion to \$388.5 billion (Figure 1).

The change in the market value of agricultural products sold partly comes from the difference in the market value of crops, including nursery and greenhouse crops (which increased 211%), and partly from the change in the value of livestock, poultry, and their products (which saw an increase of 180%). Whereas the former increased from \$62.3 billion to \$193.5 billion, the latter increased from \$69.6 billion to \$195.0 billion.

What I found interesting is that the size of the farms did not change much. The average farm size started at 441 acres in 1982, increased from 1982 to 1997, but declined back to 441 acres by 2017.

Gal Hochman, C-FARE Board Chair, Rutgers University

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For more information on our webinar series visit our [webpage](#) or [youtube!](#)

New Directions

- **Online Sales: A Direct Marketing Opportunity for Rural Farms?** Online marketplaces could help direct-to-consumer (DTC) farms compete for customers making grocery purchases on the internet by reducing the search and transportation costs of in-person DTC transactions. While in-person DTC marketplaces have been conducive for metropolitan farms historically, the authors, Jeffrey O’Hara and Sarah Low, explore whether rural DTC farms, with distance-based challenges accessing customers, are more likely to have online platforms. [Learn More Here.](#)
- **Convenient Economics: The Incorporation and Implications of Convenience in Market Equilibrium Analysis.** Convenience is perhaps the most important “commodity” being sold in the market today, and yet there is nothing of analytical substance to be found in most undergraduate textbooks. In this article, the author, George Davis, provides a straightforward framework for teaching students the economics of

convenience, utilizing the standard tools of introductory and intermediate microeconomics. [Read More Here](#).

- **Local Food Supply Chain Dynamics and Resilience during COVID-19.** Local and regional food systems (LRFS) innovated during COVID-19 to respond to market demand and policy changes. Given their unique characteristics, this article identifies drivers that explain why local responses to COVID-19 vary when compared with the national dialogue on food supply chain disruptions. [Learn more here](#).