

Portland Farmers Markets/Direct-Market Economic Analysis

CHARACTERISTICS OF SUCCESSFUL FARMERS MARKETS

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Prepared for: **City of Portland**

By: **Farmers' Markets America**

In association with: **Barney & Worth, Inc.**



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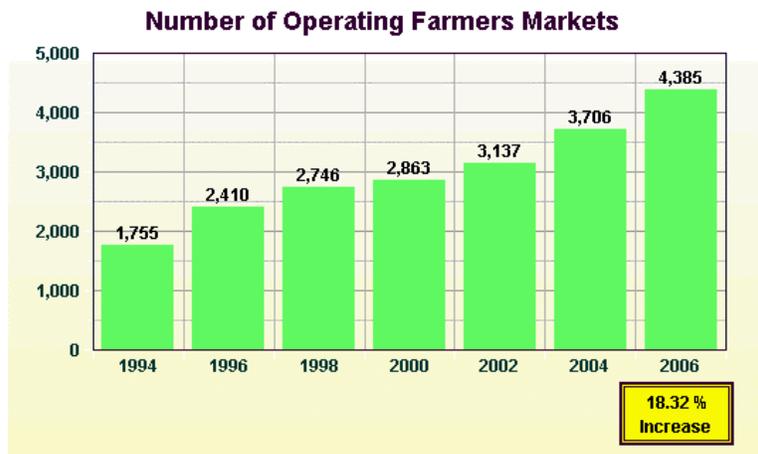
I. Executive Summary

Introduction

The City of Portland is conducting a study examining the capacity of Portland’s farmers markets to expand into the future, looking at both local consumer demand and regional farmer/vendor supply. To complete the study, the City has commissioned a consultant team led by Barney & Worth, Inc. As part of the study, Farmers’ Markets America interviewed market managers in five metropolitan areas that might be considered peer cities across the United States as well as the managers of 14 farmers markets in Portland. The purpose of these interviews was to determine their critical priorities in the development of successful markets. Also, a Site Evaluation Tool was developed to prioritize criteria for selecting a good site, and then used to evaluate several potential new sites in underserved areas of Portland. All these efforts are focused on the improvement of our local system of farmers markets for the benefit of farmers, other vendors, consumers and communities throughout Portland.

Summary of Findings

The number of farmers markets across America rose 150% between 1994 and 2006, from 1,755 to 4,385 markets, according to USDA. Portland is no exception. Virtually all of Portland’s markets, except its oldest now located at PSU, were opened during that period.



The challenge in this study is to understand the key characteristics that make for successful farmers markets. This summary of key points is a collection of insights provided by local managers operating 14 markets, five market executive directors who operate 102 farmers markets in the peer cities studied, and insights from a review of research on the web and prior research by the author. More detailed discussions can be found in later sections.

Ten key characteristics of successful farmers markets:

- 1. Vendors: Freshness and quality from real farmers are what customers want.**
Surveys consistently show that customers go to farmers markets for just-from-the-field freshness. Managers need to find the right farmers with these high quality products, effective display, friendly customer service, education and guaranteed satisfaction.
- 2. Product mix: The public wants a wide variety of products displayed in abundance.**
Aside from freshness, customers want variety and choice. One important reason customers don't attend farmers markets is convenience – they want to buy all their food at the same time. When markets have fruits and vegetables, a certain clientele responds. More attend with the addition of meats, chicken, seafood, cheese, breads and value-added products. With competition and multiple product categories, the public has more choice.
- 3. Location: High visibility is cheap advertising.**
While location alone may not “make” or scuttle a great market, it certainly can hurt many markets that have otherwise great potential. Key components of a solid location are sufficient space and parking, visibility to high traffic volume, surface and slope, atmosphere and signage. Other helpful attributes are vendor access, restrooms, water and electricity, storage, proximity to business and local landmarks. While permanence isn't critical, its absence undercuts a market's sense of sustainability. Strong markets gain policymakers' support for permanence.
- 4. Mission: Clarity of vision / mission is an essential basis for policies and programs.**
Everyone in the organization needs to know the goals, who is to be served and how. Annual planning is a healthy way to respond to new trends and circumstances with an updated organizational vision. A strong focus on farm vendors is essential.
- 5. Management: Professionalism creates sustainability.**
Staff who benefit from good training and salaries make long-term commitments to markets and legitimize many partnerships over time, which leads to more diverse and effective programming. It is advantageous for vendors and boards to know and trust the historical perspective of staff, even more so if their organizations operate multiple markets.
- 6. Value: Policymakers will value what customers value.**
By their shopping habits, customers show they value the quality and price offered by local farmers they trust over sources of unknown origin, even though farmers markets can be less convenient. Cities gain value through local vendors who rotate dollars in the local economy and attract tourists to participate in local food culture. They show respect for markets' value to the city by helping with sites, promotion, training, micro-enterprise development and other aspects that support permanence.
- 7. Partnerships: From business sponsors to nonprofits, relationships build stability.**
Good markets seek to become the center of community interaction by connecting with all types of organizations. The goal is to benefit vendors and consumers, but the means to enlarging the circle depends on the resources and relationships that can be linked.
- 8. Promotion: Markets use events and programs to increase demand and supply.**
Entertainment and special events attract new customers. If done well, the extra demand for product will justify expanding the supply chain of vendors with ever-greater diversity

of products. Adding vendors without customers can threaten existing producers. Creative programming addresses the public desire for education and enjoyment.

9. Economics: Good markets have solid financial plans for the future.

A stable market must balance expenses with income, primarily from vendor fees. They must be able to cover staff salaries, insurance, promotions and other essentials without depending too heavily on grants, sponsorships, sales of promotional items, etc. The best markets reserve funds to counteract market downturns and provide a pool of development funds for expansion to serve more customers.

10. Public Spaces: Markets contribute to – and benefit from – active public spaces.

Successful markets have an atmosphere that calls people to participate and explore – they help activate public places. Cities that are sensitive to their farmers markets' community-building contributions respond by developing places that are more people friendly. The historical *Market Street* is returning to America – from Bellingham, Washington and Davis, California to Eau Claire, Wisconsin – a marketplace that acknowledges the true value that an agri-culture brings to us all.

Successful Farmers Markets – Key Characteristics

Vendors
Good product mix
Visible location
Clarity of vision / mission
Professional management
Provide value to customers and community
Build partnerships
Promotion
Solid financial plan
Vibrant public space

Portland's Farmers Markets

Portland's markets are generally young, from brand new up to 15 years old. The eldest is comparable to two of the peer cities' market systems studied – the Pleasanton market in the Bay Area (1992) and University District market in Seattle (1993). Two others studied are in their late 20s – Sacramento and Santa Monica – having opened in 1980 and 1981. The final peer city market system is the elder statesman with 156 years of operating experience – St. Paul.

The markets studied in Portland and nationally have various organizational formats, including several types of non-profit organizations, an agricultural cooperative, a city-run market system, a worksite market run by a large organization and one run by a food cooperative. There are notable differences in the organizations but none that seem to preclude success.

One defining difference between the Portland markets and the peer cities market systems is that most local managers have relatively little experience in market management versus the considerable experience among most of the five peer cities executive directors who have been with their organizations virtually from their founding.

Generally, the Portland area markets are each operated independently with their own decision-making bodies. Only the Portland Farmers Market with its four locations differs from that predominant structure, making it more like the peer cities' systems studied. The five peer cities have stable, long-term staff who receive livable wages, and the strength of one or more flourishing markets that can provide the financial stability to underperforming markets. Portland's system of independently run farmers markets might benefit in the following ways by emulating the peer cities, combining markets to provide stable leadership, and secure financial support of smaller markets by the larger ones.

The next sections provide various insights on how Portland might improve its farmers market system. They include a more detailed discussion of the results of the local manager interviews and peer cities executive interviews conducted in April and May 2008 for the Portland Farmers Markets/Direct-Market Economic Analysis, as well as observations from the various resources reviewed. A list of interview participants, used resources and survey questions appear as appendices.

II. Introduction

The City of Portland promotes the development of farmers markets to enhance the lives of its citizens and support local agriculture. To evaluate the potential to expand Portland's existing farmers markets and start new ones, The Office of Sustainable Development (OSD) and Portland Development Commission are conducting a *Portland Farmers Markets/Direct-Market Economic Analysis*.

To complete the study, the City has commissioned a consultant team led by Barney & Worth, Inc., with consulting partners Farmers' Markets America, Globalwise, Inc. and Bonnie Gee Yosick, LLC. In March through May of 2008, Farmers' Markets America conducted interviews with 13 Portland market managers and five market directors who operate farmers markets in comparable U.S. cities, as well as reviewing research on the web and within its own company resources.

All interview participants were asked about characteristics of their farmers markets, followed by governance and organization, market volume and growth, customers, success factors and public/government involvement. The issues covered in the interviews are explored in prior reports and some in later sections of this report.

The observations and insights offered by these individuals enables the consultants to evaluate and compare the organizational strength of Portland farmers markets with other significant market cities. This report reflects the advice and attitudes of the individuals interviewed but is not intended as a scientifically valid comparison and examination of farmers markets nationwide.

III. Farmers Markets Analysis

Multi-Market Systems in Peer Cities

The Pacific Coast Farmers Market Association (PCFMA) may be the largest multi-farmers market organization in the United States, operating 54 markets in 44 Bay Area communities, each with their own name and identity. Together, they do \$30 million sales throughout the Bay Area, where several similar organizations operate. The top five PCFMA markets gross \$2+ million each in annual sales. This 501(c)(5) has a board of 10 with 34 staff in one office.

The Neighborhood Farmers Market Alliance in Seattle is a similar, yet smaller, organization with seven markets (all in Seattle), totaling \$5.1 million in sales. The University District market is the oldest and strongest, yet no more than three times the size of its youngest sibling market. This 501(c)(3) with a board of 13 received (until recently) \$40,000 annual support from the City and market start-up funds.

At the other end of the spectrum, the downtown St. Paul Farmers Market yields half the \$20 million in sales of the 17 markets it operates, four in St. Paul and 13 in other cities. Its year-round market building is a destination market with a 156-year history and 6,000 available parking spaces that allow it to hit 18,000 customers on a Saturday. It has a board of 9 under a 501(c)(5) organizational structure.

Santa Monica’s principal market on Wednesday has a majority of the \$11 million sales among its four city sites. Each is resilient with sales above \$1 million annually. Four City of Santa Monica Economic Development Department staff each run one profitable market.

The Sacramento Farmers Market Association has 10 markets, five inside and five outside the City of Sacramento. This 521 agricultural cooperative does not have sales data from vendors, but its largest market underneath the I80/I50 freeway reaches 110 vendors at peak. The system is probably somewhere between Santa Monica and St. Paul in total sales.

PEER CITIES SIZE & STRUCTURE CHARACTERISTICS

| Characteristics | SEATTLE | ST. PAUL | SACRAMENTO | BAY AREA | SANTA MONICA |
|-------------------------|-----------|-----------|------------|-----------|---------------|
| Structure | 501(c)(3) | 501(c)(5) | 521 | 501(c)(5) | Econ Dev Dept |
| Markets in City | 7 | 4 | 5 | N/A | 4 |
| Markets outside City | 0 | 13 | 5 | 54 | 0 |
| Total Sales | \$5.1 Mil | \$20 Mil | N.A. | \$30 Mil | \$11 Mil |
| Total Vendors in System | 136 | 150 | 120 | 475 | 200 |
| Vendors in Best Market | 63 | 120 | 110 | 56 | 78 |

All executive directors acknowledge the need to accommodate the needs of diverse vendors. They vary booth size according to vendor product. Looking at the chart line immediately above,

of the Pleasanton (Bay Area) market's 56 vendors, 44 have double stalls that fill the market's 100 available spaces. Seattle has only four spaces that are 15 ft. instead of the normal 10 ft. booth to fill their 65 spaces. Santa Monica has 27 doubles and 29 triples or larger that fill 78 "spaces" which are defined according to vendor needs since they collect percentage booth fees. St. Paul allows up to 60 doubles and 10 triples that fill 154 spaces. About 25% of Sacramento's vendors have doubles within the 200 spaces.

Looking at the characteristics chart below, four market systems operate one or more of their strong markets year-round, but also operate seasonal markets. Santa Monica has the benefit of being amidst substantial year-round production areas, and operates all four city markets year-round.

The other cities' smaller markets lack enough customers and/or farmers to make year-round operation feasible. In both St. Paul and Sacramento, the shortest season markets last only three months. Sacramento operates three levels of markets: 1) one short evening market (June-August) until school starts; 2) five May-to-October markets that act as a release valve for year-round market crowds; and 3) four year-round markets that become stronger when seasonal markets close.

Many of the Bay Area markets have always been year-round benefiting from strong production close by; others are 5-month markets. Seattle began year-round operation of its University District market in the winter of 2006-07 and West Seattle market the following winter after testing vendor / customer interest. The larger markets are the best candidates for season extension, maintaining enough vendors to sustain consumer interest. Their other markets generally run four or five months.

The peer cities confirm that, with enough vendor and customer support, markets can operate year-round, and gain customers (and vendors) from seasonal markets when they close. One study has shown that 44% of the population is supportive of farmers markets, but their loyalty is not all the same. Broken out further, 18% are very loyal, but 26% have their loyalty moderated by convenience. Thus, when smaller markets close for the season, it is the 18% who feed into the larger, longer-season markets.

PEER CITIES OPERATIONAL CHARACTERISTICS

| Characteristics | SEATTLE | ST. PAUL | SACRAMENTO | BAY AREA | SANTA MONICA |
|------------------------|----------|----------|------------|-----------|--------------|
| Longest Market Season | 52 | 52 | 52 | 52 | 52 |
| Shortest Market Season | 20 | 13 | 13 | 21 | 52 |
| # of Staff Levels | 6 | 5 | 4 staff | 8 | 5 |
| Advertising (2007) | \$71,575 | \$85,000 | \$100,000 | \$120,000 | \$0 |
| Markets Projected 2013 | 9 | 20+ | 10 | 80 | 4 |

Each peer community farmers market organization has from four to eight staff levels. Most executive salaries include a benefit package, except St. Paul (and Sacramento unknown). The executive directors have an average 19 years of experience. Some other staff are salaried with benefits as well.

The market systems have small advertising budgets relative to total sales; St. Paul and PCFMA invest about 0.4% of sales while Seattle invests 1.4%. They all have substantial free media coverage that augments their paid advertising campaigns, except Santa Monica which spends \$6,000 / year on promotions, but invests nothing on advertising because “we’re in the paper everyday”. Advertising / promotions budgets range from 7% to 50% of the reported total organizational budgets.

Starting in 1981, Santa Monica developed four stable markets in three areas of the city. It has no expansion plans in spite of being the most popular site for 85% of Santa Monica residents who go to one of the farmers markets regularly, a total of one million visits per year.

Seattle, beginning in 1993, has done careful planning. The market managers feel stretched in their resources. Seattle has largely followed a 10-year plan commissioned in 2000, adding a new market every other year. They envision starting only two more markets in the next five years, despite numerous requests from communities asking for help in developing new markets.

Sacramento also expects to add only a pair of markets by 2013. It seems constrained by the small staff (only four) and by limited financial resources given fairly low booth rates not tied to farmer sales (no percentage fee). Their board of five has few meetings, leaving the executive to make most management decisions.

St. Paul develops new markets after several years of careful consideration; they envision growth of about one market a year. Surrounding cities approach St. Paul with their development desires because of their producer focus. One bedroom community now has two markets, and St. Paul is looking for a new site with substantial parking to meet city requirements.

The Pacific Coast Farmers Market Association, founded in 1992, is comparatively aggressive with its development plans, competing with several other Bay Area market associations for city contracts with substantial development budgets. PCFMA has added several markets every year and 10 in 2007 alone. Its board of 10 farmers and other professionals (including an attorney and accountant) actively plan the future with an annual multi-day retreat. They developed the Kaiser Permanente relationship for worksite markets that has spread to several other states. They use their larger markets to subsidize small markets like those at Kaiser facilities and particular neighborhoods because of their organizational confidence and efficiencies.

**Peer Cities' Best Market
Vendor Breakdown by Percentage**

| Vendor Type | Seattle | St. Paul | Sacramento | Bay Area | Santa Monica |
|--------------------|----------------|-----------------|-------------------|-----------------|---------------------|
| Farmers | 59% | 56% | 86%* | 53% | 80%* |
| Ranchers | 6% | 9% | 1% | 3% | 4% |
| Cheese/dairy/eggs | 14% | 12% | 3% | 5% | 9% |
| Value-added | 9% | 7% | * | 20% | * |
| Bread/baked goods | 9% | 5% | 6% | 7% | 3% |
| Hot/ready-to-eat | - | 4% | - | 3% | 1%! |
| Fish/seafood | 3% | 1% | 4% | 5% | 3% |
| Crafts/artisans | - | 3% | - | 3% | - |
| Local business | - | - | - | 3% | ! |
| Non-profit/other | 3% | 2% | - | - | - |

All five market systems hang their reputations on producers (chart above). From 60% to 93% of all market vendors at their principal markets are farmers, ranchers and cheese/dairy/egg producers. If we include value-added producers (jams, vinegars, etc.) and bread makers, the range is 88% to 97%; Santa Monica and Sacramento markets support value-added products from farmers only*. Clearly, their mission statements read: “Real food from real producers.”

Three peer market systems are entirely focused on fresh food, not allowing hot food vendors; again here, Santa Monica shows goodwill by allowing four adjacent restaurants to take turns each month in one restaurant space. Three do not allow any local business, crafts or non-profits, and the others severely limit such. Their “purity” may contribute to their success – all have farmer waiting lists or require them to reapply annually. Success appears to be a circle of farmer interest and consumer appreciation.

Farmers Markets in Portland

Portland markets are generally focused on farmers and food, as illustrated in the following table. From 47% to 71% of all 14 markets’ vendors are farmers, ranchers and cheese/dairy/egg producers. If value-added producers (jams, vinegars, etc.) and bread makers are included, the range is 62% to 91%. While not as good as the 88% to 97% range of the peer cities’ best markets, it is still a positive sign that they are substantially directed toward real food producers. The four Portland Farmers Market locations clearly prohibit crafts and local business.

**Portland Farmers Markets
Vendor Breakdown by Percentage**

| | | | | | | | | | | | | | | |
|---------------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| % Farmers | 59 | 50 | 48 | 44 | 43 | 31 | 50 | 48 | 54 | 57 | 59 | 38 | 41 | 33 |
| % Ranchers | 0 | 5 | 4 | 0 | 7 | 8 | 0 | 4 | 0 | 4 | 5 | 0 | 3 | 0 |
| % Cheese/dairy/eggs | 6 | 9 | 7 | 11 | 5 | 8 | 0 | 7 | 8 | 6 | 7 | 12 | 9 | 0 |
| % Value Added | 12 | 5 | 9 | 11 | 25 | 23 | 0 | 7 | 8 | 19 | 9 | 0 | 16 | 0 |
| % Bread/baked goods | 6 | 14 | 9 | 11 | 5 | 8 | 14 | 11 | 12 | 5 | 9 | 12 | 13 | 0 |
| % Hot/ready-to-eat | 12 | 9 | 14 | 0 | 7 | 8 | 18 | 11 | 12 | 6 | 9 | 26 | 6 | 33 |
| % Fish/seafood | 0 | 5 | 7 | 11 | 7 | 8 | 5 | 7 | 4 | 3 | 2 | 0 | 3 | 0 |
| % Crafts/artisans | 0 | 0 | 0 | 0 | 0 | 0 | 9 | - | - | - | - | 0 | 0 | 33 |
| % Local business | 0 | 0 | 0 | 11 | 0 | 0 | 0 | - | - | - | - | 0 | 6 | 0 |
| % Non-profit | 6 | 5 | 4 | 0 | 2 | 7 | 5 | 4 | 4 | 1 | - | 12 | 3 | 0 |

About half of the local managers rate their market as excellent, a “9” or “10,” while 2007 gross sales for these markets ranged from \$177,000 to more than 25 times that amount. Five managers give their market a “7” overall, with 2007 market sales ranging from \$40,000 to \$400,000. One manager gives a candidly low “1” to a 6-year-old market that has decided to stop operating.

IV. Characteristics of Successful Farmers Markets

What Defines Success: A Farmer View

What is success? From a farmer perspective, a successful market may be directly correlated to sales. A rule of thumb: farmers markets with more farmers have longer seasons, greater total sales, and higher weekly sales per vendor. Farmers tend to focus on the last figure – their own sales.

The Portland PSU market, for instance, had vendor sales averaging nearly \$1,100 per week in 2007, followed by four markets – Hillsdale, Hollywood, Portland Downtown and Interstate – that all averaged between \$700-\$1,000 per vendor, with PSU and Hillsdale both operating 38 weeks. A second tier of four markets with total sales between \$200,000-\$300,000 – Eastbank, Moreland, EcoTrust and Montavilla – all had average vendor sales between \$500-\$600 weekly. The smallest markets were at \$300 per vendor and below.

These figures reflect and reinforce the importance of sales for some vendors as indicated in the farmer interviews. Certain farmers need a minimum of \$1,000-\$1,500 to justify continued selling at a given market, or they will leave it to others who have a lower sales threshold. Thus, in any given market a grower with the right products and less competition might do well.

Market Research

San Luis Obispo County was designated by *Demographics Daily* as the best test market in the United States, representing a microcosm of the country. Researchers studying 19 farmers markets there found that farmers market customers are more likely than non-shoppers to attend for: high-quality, good value for the money, specialty items, buying from farmers, socializing, entertainment, shopping area stores, and organic produce. Both shoppers and non-shoppers have two major reasons for not shopping: inconvenient times (28%) and problematic parking (20%). These strengths and weaknesses were similar to those of a North Carolina study. Other reasons for not shopping at farmers markets are distance from home (14%), buying all food at the same time (14%), no use for such products (4%), and a variety of other reasons (Wolf, Spittler and Ahern, 2005).

Non-shoppers' reasons for attending a farmers market are smaller in number and differently prioritized (than shoppers above) as follows: to eat (45%), socializing (40%), entertainment (38%), high quality (36%), good value (35%), shop area stores (27%), direct from farmers (23%), special events (21%), organic produce (18%) and local wines (9%) (Wolf).

When asked why they didn't buy more, shoppers at four farmers markets in Oregon and Washington (see below) cited a variety of reasons: running out of cash, not able to carry more, high prices, not enough time and lack of availability. Markets can respond with ATMs on-site or encourage farmers to have debit machines, provide convenient pick-up zones, do further research on price sensitivity, and increase product availability.

Reasons for Not Buying More at Four Oregon/Washington Farmers Markets

| | Beaverton | Columbia City | West Seattle | Tacoma |
|------------------------------|-----------|---------------|--------------|--------|
| Nothing, I got what I wanted | 45% | 59% | 59% | 36% |
| Ran out of cash | 17% | 31% | 18% | 22% |
| Couldn't carry more | 15% | 8% | 10% | 10% |
| Price is too high | 10% | 5% | 9% | 3% |
| Ran out of time | 7% | 3% | 3% | 16% |
| Couldn't find what I wanted | 6% | 3% | 1% | 13% |

Source: Rapid Market Assessments (Lev, Stephenson and Brewer) and Corum (2008).

Tacoma was studied in late May, 2008 when product selection was limited. It was difficult to intercept the rushed downtown lunchtime workers at this Thursday market, which explains the high 16% who ran out of time and 13% who couldn't find what they wanted. Their lower objections to price compared to the other three markets may result from a fairly high number of above-average-income workers downtown (Corum 2008).

Another California farmers market study (Alameda) showed that half of customers didn't buy more because they ran out of money or had too much to carry. Lack of variety affected 11%, high prices 9%, poor parking 8%, poor quality 5%, and need for carry-out assistance 4% (Corum 2005).

Comparing to results of earlier studies, results from studies since 2000 show age levels, income levels and employment status are similar between farmers markets shoppers and non-shoppers (Wolf). In other words, farmers market customers are fairly representative of the general population.

Several studies point to a majority of market shoppers coming from one- or two-person households, so it is not surprising that many urban farmers markets find customers to be spending \$20-25 on average. The San Luis Obispo study shows both market shoppers and non-shoppers spend \$25.37 on produce in a typical week. The study concludes that consumers perceive market produce as fresher looking, fresher tasting, a higher-quality product, a better value for the money, more reasonably priced, and more likely to be locally grown, environmentally friendly and traceable back to the grower or processor when compared to supermarket produce. However, many consumers do not shop at farmers' markets due to a lack of convenience, especially inconvenient times and parking. Shoppers and non-shoppers alike purchase most of their produce at the supermarket (Wolf).

Various studies have looked at the economic impacts of farmers markets. The four Rapid Market Assessments referenced below found that the primary reason people are coming to the area is the farmers market.

Many studies show 30-50% of these farmers market customers combine their market visit with shopping in area stores. Early market shoppers are more likely to focus on the farmers market and less on local shopping. Nevertheless, the shoppers who already shop downtown frequently buy much more there than at the farmers market; the net impact is sometimes that more overall dollars are spent in downtown than in the farmers market, as in Kirkland, WA and Montpelier, VT

where downtown sales to farmers market customers exceed their market purchases. Customers in Port Angeles report purchasing three times as much in downtown as in the local market, perhaps a function of high tourist activity and low product variety. In other communities like Davis (Corum 2005) and Beaverton (Lev 2002), shoppers spend much less downtown because the market is not immediately adjacent to a business district. In fact, the venerable downtown Beaverton Bakery now has a stand in the farmers market attempting to reach market shoppers.

| Primary Reason for Coming Downtown | | | | |
|---|----------------------|---------------------|--------------------------|----------------------|
| | Montpelier VT | Kirkland, WA | Columbia City, OR | W Seattle, WA |
| Farmers Market | 66% | 57% | 75% | 76% |
| Work | 2% | 8% | 3% | NA |
| Restaurants | 2% | 8% | NA | NA |
| Shopping | 9% | 3% | 9% | 14% |
| App't/Other | 21% | 24% | 13% | 10% |

Source: Rapid Market Assessments (Corum), Neighborhood Farmers Market Alliance.

A study of the Ithaca Farmers Market (NY) found the market generates 200 jobs between full-time and part-time, seasonal and year-round employment. The Ithaca market also generates \$942,000 in pre-market purchases by vendors within seven Ithaca businesses and seven county businesses. Including post-market purchases, the vendor impact alone is \$1.26 million per year (Ithaca, 2007).

A Seattle study notes that for every \$100,000 spent at a farmers market, \$99,000 stays in the state and is respent locally at least three times. Farmers markets are good for the local economy!

The Right Combination of Characteristics Builds Community

The Ferry Plaza Farmers Market at Pier 1 in San Francisco is sometimes hailed as the “best in America” in large part because it has many of California’s best growers, the best selection of unusual and high quality products, a stellar location on San Francisco Bay, an organizational mission directed toward education about sustainability, and the entire plan put together by founder Sibella Kraus, whose personal mission for decades has been to help farmers. The combination has led to a wonderful community marketplace at the edge of San Francisco Bay (Jaret, 2008).

A similar combination has caused many market observers to consider the Madison market as America’s favorite for years. Eating Well magazine (Weinstein and Scarbrough) lists Portland’s PSU market among the top five farmers markets nationally with Ferry Plaza, Dane County (Madison, Sunset Valley (Austin) and Union Square (New York City). Admittedly, this is a popularity poll won by urban markets with more shoppers; but, that is one sign of success.

Every market is a separate creation, a combination of interest, resources and commitment that make it a distinctive part of its community. The best markets have a combination of extras – a driven manager, extra community financial resources, a mix of vendors who help attract other

high-quality vendors, responsive news media, or other aspects – that makes them stand out from the rest. Building successful markets is an art.

Food culture helps brand a city's identity. Every city and every market has its own food culture. All markets have an influence on their community, and some have an influence on the nation, e.g. Santa Monica where wholesalers may frustrate local restaurant chefs or retail customers by purchasing limited quantities of unusual items to fly to restaurant gourmands in New York or New Orleans; or Madison where cheese culture has inspired new cheese producers elsewhere.

Food culture is ubiquitous but unequal. It is constantly changing as food ideas move from place to place, and new producers come on the scene. The health of any city's farmers market will help determine the depth and diversity of its food culture. That health is the result of many factors working together to influence customer attendance.

With a combined 95 years of farmers' market management, the five U.S. peer cities market executives prioritized the following key characteristics for successful market operation on a scale of one (not important) to ten (very important). Their perspective closely, though not exactly, aligns with the characteristics deemed essential by Project for Public Spaces (www.pps.org/great_public_spaces/). The best markets will have a high degree of correlation with these elements, although a market could miss one and still have success.

| Key Characteristics of Successful Farmers Markets | |
|--|------|
| Vendors | 10.0 |
| Product mix | 10.0 |
| Location | 9.8 |
| Mission | 9.5 |
| Management | 9.5 |
| Value | 9.5 |
| Partnerships | 9.5 |
| Promotion | 9.0 |
| Economics | 8.5 |
| Public spaces | 7.8 |

Characteristic 1: Vendors

Vendors make the market, and every city market strives to have the best growers that are generally in the largest market because they know customers are responding. Two markets that have relatively the same mix of products will differ based on various attributes of their growers: the quality of products, available volume, prices, signage, presentation, salesmanship, friendliness, and integrity. Not all growers are created equal.

Good markets reflect the seasons as growers come and go with short-season crops. Customers learn the subtle shifts of seasonal local agriculture when the market is truly a reflection of what people have now, not what they can get from somewhere else to stretch their season.

While rural markets seem to need and benefit from a vendor mix that includes craftspeople, urban markets tend to do best with farmers and food producers only. Peer cities executives agree that crafts detract from the market; an occasional manager will validate the benefit of an expert artisan. The consumer wants to be enthralled by food alone, if there are enough vendors.

Characteristic 2: Product Mix

Customers expect much more diversity in the product selection today than they did a decade ago, and markets are providing a better mix. The Portland Farmers Market had about 1,000 customers at its original Albers Mill site. When it moved to PSU in 1998, it grew rapidly from 35 to 100+ vendors, along with an expansion in its customer base. The current 11,000-customer weekly average may have been possible years earlier with the right mix of products and competition within product categories.

When management allows competition within product categories, an essential element for market growth is freed to develop. The temptation toward protectionism is strongest in smaller markets for fear of losing a good vendor if they allow another to enter. Unfortunately, the customer is not considered in this equation. Customers enjoy great selection at New Seasons Market, Whole Foods, Safeway, Albertsons, Trader Joe's, food cooperatives or most anywhere they shop. Presented with only one tomato or cheese or bread source, they are unimpressed. The desire to support local farms is not enough; for a market to truly succeed, there must be customer choice.

When farmers markets open to more competition, customer numbers grow, which leads to still further increases in competition and product diversity as new producers seek to differentiate themselves and capitalize on market growth. These waves of new producers and products accelerated by special events and customer numbers can become a tidal surge pushing the market to greater success, if space and parking allow.

Characteristic 3: Site

The site should have at least 20,000 square feet of space for 50 vendors and customer aisles, less if vendors download and park off-site. More space allows for expansion as word-of-mouth builds the customer base. Being visible to a heavily trafficked street cuts down on the need for advertising; in the case of Santa Monica, they do no advertising and have a \$6 million market. Many other factors need to be considered (see next section for The Best Site Characteristics) but key are sufficient space, parking, and visibility.

Parking alone is rated a "9" on the importance scale by market executives. Many markets know the value of large parking lots or structures. St. Paul has 3,500 spaces and Santa Monica more than 3,000. The Torrance, CA market has 600 spaces at a sports complex for both vendor and customer parking, which seems to be enough for continual vehicular turnover on a Tuesday, but it may limit continued growth. Beaverton, OR draws up to 18,000 customers with on-street parking extending in all directions; it tries to address the convenience-oriented shopper with three pick-up zones. On the other hand, Union Square Greenmarket in New York City has little immediate parking but a subway stop leads as many as 100,000 people into the market four days a week.

Site permanence helps build the customer base as long as the site is strong. Losing a site can prove a boon as the Portland Farmers Market found when higher rent forced it off its waterfront location at Albers Mill after seven years; the PSU location has allowed for vendor and customer expansion and provided the economics to allow for paid professional management.

Characteristic 4: Mission

A clear organizational mission is vital to success. Frequently, a mission is aimed at improving farmers' livelihood, establishing a viable relationship between producers and consumers, or building a community gathering place. A secondary goal may be downtown revitalization. If the initial mission is accomplished, there will be pedestrian traffic that may overflow into a local business district. However, a downtown association trying to improve local business may make misdirected decisions that lead to the market suffering and the ultimate goal not being reached. Even if the mission is multi-directional, it should clearly address key reasons why people attend farmers markets: high-quality, good value, specialty items and organic.

There is a basic need to balance farmers and consumers in large enough numbers to sustain the market. As markets grow in size there may be more community interest in envisioning a space that is more permanent, with protection from sun and rain.

Certain markets have focused on low-income populations with mixed success. A city's ethnic make-up influences the vendor base and the programs created within the market, whether to serve the Vietnamese eastside of New Orleans, the Latino neighborhoods in L.A.'s San Fernando Valley, or the mixed ethnicity of downtown Oakland. This same sensitivity could be applied to more ethnically mixed neighborhoods within Portland.

Characteristic 5: Management

Just as with any business or nonprofit, market founders are critical for market start-up, and after a certain period new vision and leadership may be necessary to take the market to a new level. The best markets have a manager who can connect, listen, vision, partner, delegate, empower, inspire and implement.

The founders of the first Portland farmers market in 1991 – Craig Mosbaek, Ted Snider and Richard Hagan – had vision and dedication. Along with 13 vendors that grew to 35, they built a loyal following along the Willamette. When the market moved to PSU, they took the plunge toward sustainability by hiring a paid manager, Dianne Stefani-Ruff. This is a normal pattern, according to OSU researchers, that happens in the transition from being a small to medium-sized market as volunteers become exhausted, and management must become professional to ensure smooth market operation. Stefani-Ruff's hard work and Portland's success led to the operation of four markets, the size increases bringing greater management complexity and requiring more management tools.

Markets need to have strong boards who avoid micro-management and complement a strong manager who listens to advice and is highly self-motivated. With greater size, boards develop committees to raise funds, connect with the larger community, envision the ultimate impacts and plan or implement new programs.

The board of the Dane County Farmers Market in Madison, WI established rules years ago precluding growers from selling anything they don't grow themselves. Farmers found buying from another farmer or wholesaler to stretch their season or recover from a crop loss have been ejected from the market, with no chance of return. This absolute rule has given the consumer confidence that they are, indeed, buying from the real farmer.

Characteristic 6: Value

Markets are proving their value in addressing America's health crisis in a preventive way. Two-thirds of adults in Multnomah County are characterized by health professionals as obese or overweight. One-third of all children born in 2000 will develop Type II diabetes. The Interstate market's development by Kaiser Permanente and the OHSU market are direct responses to these alarming nutritional trends. Countless markets are addressing the issue through a variety of programs: the 5-A-Day program, chef and gardening demonstrations, Taste the Market, school farm and market tours, farmer school talks, and Ask the Dietician.

By their shopping habits, customers show they value the quality and price offered by local farmers they trust over unknown sources. This, even though markets are often less convenient. Cities gain value through local vendors who rotate dollars in the local economy and attract tourists to participate in local food culture. They honor the markets' value to the city – as done throughout history – by helping with sites, promotion, training, micro-enterprise development and other aspects toward permanence.

In San Luis Obispo, California, the farmers market created value in a Williams Brothers supermarket lot until the market was invited to add a Thursday evening market downtown to address a cruising problem; for decades, again, Thursdays have been good for business; one national music store had its most successful opening day anywhere on Thursday in SLO. In Bellingham, Washington, the market was of such value to the community that the City found most of the funding for a \$2.7 million pavilion development on a City-owned parking lot. As is often the case, policymakers respond to what customers value.

A San Luis Obispo study concluded that consumers perceive farmers market produce as fresher looking, fresher tasting, a higher-quality product, a better value for the money, more reasonably priced, and more likely to be locally grown, environmentally friendly and traceable when compared to supermarket produce.

Characteristic 7: Partnerships

Partnerships are a key to building credibility within the community. The Local Food Web diagram clearly demonstrates the linkages connecting a variety of producers and marketing options with a diverse number of user groups within a local food system.

The web of farmers markets in Portland is most closely connected with regional agriculture, CSA farms, markets outside of Portland, local grocers, restaurants, caterers, food cooperatives, area consumers, microenterprise development efforts and food banks. The local food system also includes school food service programs as well as school, community and home gardens. It is loosely welded together by various connective gatherings including the Farmer-Chef Connection each March, the Farm Direct Marketing Conference, Portland Area Community Supported

Agriculture Coalition (PACSAC), Chefs Collaborative, Slow Food movement, the PSU local food café, and countless meals with family and friends.

Other users benefit from visibility and connections in the market. Local businesses, educational institutions, politicians and nonprofit organizations may all sponsor the market or have booth space.

The Buy Local movement is beginning to influence Portland grocers and food service directors, who recognize the taste difference and want to supply these local items to school children. The linkages created within farmers markets continue to expand in various areas of the country. This is a healthy sign that the local agriculture community is openly engaged with other economic and community entities in forming a larger local food system beneficial to all.

It is not uncommon for the local business community to perceive the market as benefiting primarily farmers outside the community. The board of the Davis, CA market and manager Randii MacNear addressed this issue by developing relationships that would establish the market as a vital part of the community. MacNear became involved with the Davis Downtown Business Association and ultimately served as president of the Davis Chamber of Commerce. Hundreds of community organizations gain visibility and raise funds each year, so that now the market is a community showcase that exemplifies all that Davis is. While community partnerships have been a key focus, the market does not fall short in other areas; it has a strong base of quality vendors with good product diversity, farmers and others constantly creating new value-added products, local ethnic entrepreneurs, a Central Park location next to an English garden and community center, a 35-year history and a committed board of directors who have honed their mission.

It is those market characteristics and community partnerships that led the City of Davis to build a 270' x 35' market pavilion in gratitude for the market's first 15 years of service to the community. There are two water features, a playground, and a seating area and stage built around the old oak tree that make the structure much more than simply an open-air, clerestory market building. It is Davis community central – the quintessential community market with something for everyone.

Characteristic 8: Promotion

While advertising can be effective, it is challenging on the low budget of many farmers markets. It is often seen as a complement to other outreach avenues. Promotion is a way to stretch limited dollars, especially when used with entertainment and special events. According to one study, entertainment motivates 44% and events 26% of farmers market shoppers and non-shoppers combined.

With financial constraints, managers become guerrilla marketers. They build partnerships which allow them to reach new population targets. Events allow businesses to support the market and gain visibility. Santa Monica rotates each of four restaurants within one block of the market through their only hot food booth. It holds regular events, hosts a Market Chef booth and has a weekly, on-air NPR interview to give a market update about what's new that day.



During Dianne Stefani-Ruff's nine-year tenure at the PSU market, the customer base increased more than 1,000% as she created events and increased competition in numerous categories. The "Summer Loaf" event at the PSU market became the largest bread festival in the United States. Cheese also became fertile competitive ground and, not surprisingly, cheese makers from five states celebrated their art at Portland's first "Wedge" event in October, 2007. The PSU market has been so successful with special events that it has largely shifted them to its sister Ecotrust and Eastbank markets to draw crowds and media attention.

Characteristic 9: Economics

The marketplace is a finely balanced see-saw of supply and demand. If there are too few farmers, customers won't come. If there are too few customers, farmers won't come. With the opening of the market, the die is cast for the market to grow or decline. Experience shows up to half of new markets fail within four years, so careful planning of market size is really necessary for success.

The economics of the market are determined by a budget that flows from the size of the market. Market operators need to develop a budget that pinpoints the minimum number of vendors and consumers required to fund market expenses. These expenses include any site fees, insurance, parking, advertising, promotion, manager and assistant salaries, signage, barricades, etc.

A 1995 *American Vegetable Grower* magazine article, "Community is Key to Market Success," pointed out, "A market with fewer than 12 growers will struggle – the more growers the more successful the market." The standard has risen since that article; consumers expect more vendors. Research in Oregon and other states confirms that without at least 20 growers, the threshold necessary to support paid staff, most markets can survive only through volunteer goodwill.

Researchers at Oregon State University have categorized micro markets as 5-8 vendors, small markets as 9-30, medium markets as 31-55 and large markets as 55-90 vendors. About half of micro and small markets are run by volunteers; some are funded by grants or a city. All medium and large Oregon markets have paid managers, albeit not necessarily full-time.

The standard for success is higher in urban areas where consumers tend to be less forgiving because they have so much choice in markets to attend, including supermarkets, box stores, specialty markets and farmers markets. Small markets make it challenging for a manager to have a viable salary. For long-term sustainability a market appears to need at least 30 vendors, but probably not until reaching 50 will the market economics truly work out to provide suitable compensation to sustain a manager over the years. Managers of small and medium-size markets in Portland validate this perspective with their low years of experience and concern about their personal financial security. The average tenure for managers in Portland is about 1.5 years, with only four markets having held their manager more than a year. This tenure figure is influenced by last year's departure of the manager for four markets. In general, large markets do not face the same staffing challenges; their salaries and benefits start to become competitive.

The other option for sustainable market economics is to increase the cost per vendor to cover all management expenses. Competition among markets in a city tends to keep fees in line or vendors may not support the market. For larger markets, fee increases may be sustainable to maintain potentially higher costs of operation.

Characteristic 10: Public Spaces

The Portland Farmers Market was asked in 1997 to open a farmers market in Pioneer Courthouse Square. A consultant was hired to coordinate the farmers and virtually no publicity was necessary because the square is the heart of downtown. An immediate success with downtown workers, the market was soon larger than its 6-year-old mother market still located at Albers Mill. Part of its charm was the public nature of the brick space with fountain and statue, anchored by Powell's Books and Starbucks, and host to many food carts serving daily lunch.

In 1998 that Wednesday market moved to Shemanski Park, just as the Saturday market moved from its Willamette River site to its current PSU location. Both of these public properties in Portland's South Park Blocks have characteristics that draw people in and allow them to stay a while. Some people want or need to shop and quickly leave the market, but for others it is an experience to savor and healthy public spaces help them to do that.

Cities across America have become increasingly aware of the benefits that local markets provide. In 2006, the City of Eau Claire, Wisconsin built a U-shaped market building on park land along the Chippewa River, 216' on the back and 96' on the wings. The City of Puyallup, Washington built a multi-use Pioneer Park Pavilion at the site of its farmers market; the City rents the pavilion for weddings, parties and other functions and has made substantial revenue.

These cities – like Bellingham, Olympia, Pasco, Davis and many others – decided to use public property and funds to establish a permanent home for their farmers market, usually after some years of operation.

Portland Farmers Markets/Direct-Market Economic Analysis

Peer Cities Market Managers Interviewed

| | |
|--|---|
| Laura Avery, Farmers Market Supervisor | Santa Monica Farmers' Markets |
| Dan Best, Executive Director | Sacramento Farmers Markets |
| Chris Curtis, Executive Director | Neighborhood Farmers Market Alliance (Seattle) |
| Jack Gerten, Executive Director | St. Paul Farmers Market |
| John Silveira, Executive Director | Pacific Coast Farmers Market Association (Bay Area) |

Portland Market Manager Interview Participants

| | |
|----------------------------|--|
| Eecole Copen | OHSU Farmers Market |
| Jaret Foster | Portland Farmers Markets |
| Tom Griffin-Valade | North Portland Community Works (Interstate FM) |
| David Hudson | Lloyd Farmers Market |
| Gretchan Jackson | Montavilla Farmers Market |
| Ariana Jacob | Peoples Farmers Market |
| Jill Krueger | Lents International Farmers Market |
| Daurie Mangan-Dimuzio | Hollywood Farmers Market |
| Eamon Molloy | Hillsdale Farmers Market |
| Bob New and Kevin McGovney | Interstate Farmers Market |
| Liz Shannon | Alberta Farmers Market |
| Laura Wendell | Moreland Farmers Market |

Resources

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Pacific Coast Farmers Market Association (CA) website, <http://www.pcfma.com/>

Portland Farmers Market website, <http://www.portlandfarmersmarket.org/>

Project for Public Spaces, http://www.pps.org/great_public_spaces/

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