Farmers Markets – Establishment & Operational considerations

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Abstract: This paper discusses issues involved in the establishment and operation of farmers’ markets. These include site selection, management models and market governance. The paper includes insights into successful farmers’ markets from both the literature and the experience of stall holders and market managers. This paper also examines some of the property issues related to the establishment of farmers’ markets and their operation. It also seeks to encourage further research into the operation of farmers’ markets as they have similar issues to urban retail centres and would benefit from considerations on stallholder product mix, stall location and internal stall layout.
Introduction

Farmers’ markets were lost from many countries with the advent of supermarkets but they did not disappear from countries such as France and Italy where consumers place high priority on food provenance and region specialisation (Cameron & de Vries 2006). Farmers markets have resurfaced in the western countries for a number of reasons, which will be discussed throughout this paper.

In Australia, new generation farmers’ markets started in 2004 and now number at least 120 with continuing growth. Farmers markets are also popular internationally with the USA growing from 340 in 1970 to 3000 in 2001 (Brown 2002), the United Kingdom has nearly 500 farmers markets (Umberger 2007) and New Zealand has forty three. The Australian & New Zealand farmers markets are located in regional towns or small towns close to a significant regional population. The city farmer’s markets are a new development with Adelaide having one and Melbourne opening a city market in 2010.

A farmers market is defined by Coster & Kennon (2005) as “a predominantly fresh food market that operates regularly within a community, at a focal public location that provides a suitable environment for farmers and food producers to sell farm origin and associated value added processed food products directly to customers.”

The literature on farmers’ markets indicates that consumers have a number of motivations for attending. These include the quality of food and the environmental attributes (Guthrie et al 2004) with special interest in food production practices and safety issues. The ability to talk directly to the grower about their production practices increases the consumers’ confidence in the food as well increasing their understanding of production issues (Guthrie et al 2006).

Consumers have previously looked for certified organic/biodynamic food at farmer’s markets as this has been perceived to provide food quality and safety. However, the focus has shifted to include interest in seeking local produce (low food miles) that is produced sustainably (Brookman 2009).

Farmers’ markets also attract both local and international tourists because of their colourfulness, though in most cases it is only the ‘value adders’ who achieve any sales from the tourists. Cameron & de Vries (2006) reported on the additional pride a community had from having a farmer’s market operate in their town.

Farmers’ market operate with both economic and community objectives, which generally are aimed at supporting profitable agriculture which is sustainable and local. The Adelaide Hills Farmers Market (AHFM) objective is “operate a sustainable commercial farmer’s market that will promote, develop, assist and support emerging and existing producers to sell their product to consumers in a market setting, thus fostering mutually beneficial relationships between the growers and customers on multiple levels.” (Adelaide Hills Farmers Market 2009)

Farmers’ market can act as business incubators for primary producers and value adders and also as a way for stall holders to promote their produce so customers will buy from other outlets. They provide an opportunity for small scale producers to sell their produce when they are often too small to sell at wholesale markets and definitely too small to deal with the supermarkets.
This paper examines some of the property issues related to the establishment of farmers markets and their operation. It also seeks to encourage further research into the operation of farmers’ markets as they have similar issues as urban retail centres and would particularly benefit from greater understanding relating to appropriate stallholder product mix, stall location and internal stall layout.

Farmers market consumers

The most researched item about farmers’ markets is the customer base with many market studies being focussed on consumer characteristics and consumer values (see Brown 2002 for an inventory of research up to 2000). Consumers are generally mature women, though there are a significant number of young women who shop at markets. They enjoy cooking and food. They are generally well educated and have salaries above the average (Brown 2002 and Umberger et al 2007).

The general aim of farmers’ markets in Australia and New Zealand is to encourage consumers into a weekly habit of shopping at their market and Umberger et al (2007) found for the Adelaide Showgrounds Farmer Market (ASFM) that 70% of consumers purchased the majority of their fruit and vegetables at farmer’s markets and that these markets were also important location to purchase cheese, bread and dairy products. The consumers perceived the farmer’s markets product were of better quality and that they were prepared to pay more for products labelled as free range, organic, no growth hormones, humane animal treatment and pesticide free.

Market Constitution

The constitution will determine who runs the markets. It will establish if the committee has membership from the community, farmers and value adders and if the committee can co-opt members with specific expertise such as finance and legal. The constitution will also determine how and who becomes a member of the association and the process to gain membership

Farmers’ markets are generally operated by committees of primary producers, or a mix of primary producers and community members or, in some case in Australia, by private enterprises. Brown (2002) indicates that the better markets are those operated by a combination of the community and producers.

The community operated markets are generally run by not for profit associations specifically formed to run the markets. The market constitution is important in establishing the community’s reason for and involvement in operating farmer’s markets and what other activities/benefits the community is looking for in addition to market stalls. These can include fostering community activities, celebrating cultural diversity, providing education on food production and cooking and providing a friendly safe venue for people to meet. It is important for the community aspects to be spelt out so that local government can legitimately support these activities and allow the use of public spaces for the markets.
The Committee membership can be an issue. Ideally, the constitution should ensure a diversity of backgrounds with representatives of farmers, value adders and community and if these do not have sufficient understanding of legal and financial issues, ability to co-opt persons with that expertise. All committee members should be provided with some training in corporate governance so that they are aware of their responsibilities.

The running of the market through rules and other regulations should be kept out of the constitution as constitutions are generally very difficult to get changed. Market rules and other regulations can be changed at a management meeting and as such can be changed extremely quickly.

Market rules

The market rules will define the market character as well as who can trade and what can be traded. The rules will cover such issues as location and time of operation, membership, stallholder rules and responsibilities, fees, complaints processes, disciplinary procedures and natural justice procedures.

It is essential to provide natural justice procedures to avoid litigation from a producer if their licence is revoked for supplying non approved produce or poor quality produce as the producer may have geared much of their production around supplying a particular market.

The market rules are effectively similar to lease conditions for a shop. It is through these rules that discounts to members are guaranteed and that membership of the market can be encouraged by requiring stall holders to publish the price for members and non members, which emphasises the benefits of membership.

The market rules for a not for profit community farmers’ market will reflect the community considerations rather than the profit maximizing considerations of private ownership. There is greater emphasis on equity and fairness, transparency in decision making with other values other as opposed to just income generation.

It is through the rules that procedures can be developed and enforced that ensure the authenticity of the products (discussed later) and production methods with stallholders’ having to agree to the conditions. Generally stall holders are only given a licence to trade specific products for a maximum period of twelve months. They have to then reapply which allows the management to update the agreed rules and change the product mix or the allowable products on a particular stall. The stallholders cannot sell their licence to trade with any sale of their business. The short lease period and the inability to sell this right are a significant difference between normal retail markets and farmers’ markets.

The sustainable model

Many of the farmer’s markets struggle as they have a tendency to burn out the volunteers and paid staff who often work many unpaid hours. Brookman (2009) found this situation was also the norm in New Zealand farmers’ markets.
In South Australia, a more sustainable model is being used, in which the farmers’ market’s customers contribute to the costs of operating the market. The customers are encouraged to become a member of the market for which they pay a fee and in exchange they receive a ten percent discount on their purchases at the market. The discount is covered by the vendors and the vendors take this into consideration when pricing their products. The ASFM has now 2000 members at the end of its second year of operation. The Willunga Farmers Market (WFM) has 1700 members after 5 years and Victor Harbour Farmers Market (VHFM) has 500 after its first year of operation. The membership fees at the ASFM all expire at the same time of the year and the members are issued with an annual membership card which is colour coded so that stall holders know when the membership card is current. Membership fees for these markets range from $35 to $60. Markets with higher fees have been able to employ professional staff rather than relying heavily on volunteers. Community committees struggle without knowing the elasticity of demand for membership in determining revenue maximizing membership fees.

I am confident that this membership model will spread to other markets and other countries as they become aware and evaluate how many volunteers have “burnt out “during the market’s existence.

The down side of the membership model is that non members probably pay too much for their products. In some cases this discourages customers but in some cases the shoppers want to pay the extra to the farmer/value adder to ensure that they are viable. My observation is that it is poorer customers who are prepared to pay more as they are committed to the cause. Whereas, the wealthier customers are most committed to ensuring they receive their discount.

Farmers’ markets often have to start mainly with volunteers as they do not have the capital for start up and payment of staff. Any small grants obtained are generally used in signage, promotion and purchase of other essential start up equipment. The ASFM was able to employ staff as the Adelaide Showgrounds lent the association $80,000 to fund establishment purchases and provide cash flow during the first two years.

It is also essential that stall holders pay appropriate stall fees. The stall holders will strongly argue for low fees and will threaten to move on. They are quite happy or maybe unaware of the effect that a low rent means more work by volunteers rather than paying for market workers. There is very little research into the stall holder’s revenues from farmers’ markets and in many cases this research has not been undertaken as there is limited confidence in getting reliable data from stall holders. This information would assist in research including the impacts of farmers markets.

Other sources of revenue for a farmers’ market are to run the coffee and food stall and seek sponsorship. The food stalls can raise considerable money but require the efforts of volunteers or good management of staff. An alternative is a turnover tax on ready to go food and coffee stalls. The experience of WFM and ASFM was good initial profits but as the volunteers disappeared it became necessary to tender out the food stall with a turnover tax.

Sponsorship is more difficult but there are an increasing number of businesses that wish to be associated with community activities and healthy eating. Government health agencies increasingly want to become involved in farmers’ markets.
Government grants are another source of funding that can help farmers market provide some of the broader community focus. The ASFM gained funding to develop a kids club which involves teaching kids how to cook and providing exercise classes for kids. These activities provide community benefits and publicity opportunities for the market.

Brookman (2009) indicated that at the recent Australian and New Zealand Farmers’ Market conferences that the smaller farmer markets with less than forty stallholders were the ones that reported the greatest problems with burn out of volunteers and market managers as they did not have the resources to pay for staff or pay for their true inputs.

In New Zealand, the farmers’ market stall fees are generally very low and these are used to pay for promotion, advertising, printing and related costs. Some administration is also covered by some of the local councils (Guthrie et al 2006).

Site selection

Adams (2003) identified the following parameters that should be considered when assessing sites: central community location, icon or landmark sites, good visibility, traffic flow, parking access and availability, access to public transport, all weather options, room for market expansion, proximity to existing retail trade and town centre, flat surface area, shade, infrastructure for power, water and toilets, site ownership and hire costs and site approval requirements. Potential conflicts with existing uses and disability considerations should be added to this list. These location considerations will not always be met but the overall aim should be to meet as many of them as possible.

Generally, communities welcome farmers’ markets as they play a positive role in revitalising towns and public spaces and they provide a meaningful way of allowing locals to support their farmers. There can be some initial opposition from traders in the town but this generally dissipates when the market starts operating as these traders benefit from customers also doing some shopping in the town as part of the one shopping trip. In many cases the local council will provide support through cheap rental of the site or by providing administrative support to the market organisers. The market provides a means of promoting the town in travel and tourist brochures. The support for farmers markets by councils can be mixed with councillors generally supportive of the markets but with council staff providing barriers to the development. Parking inspectors, health inspectors and planning staff often work to the detriment of farmer’s market by enforcing rules, rather than providing guidance and education to achieve appropriate outcomes.

People developing new farmers’ markets often try to select grassed parks or lawns. These can provide attractive spots but grassed areas or lawns are not compatible with high pedestrian traffic. Conflicts and concern soon arises from the park managers about their grass so ideally farmers’ markets should be on hard surfaces or alternatively there should be a hard surface where the shoppers walk, even if the stall is located on the grass. Grassed areas for children to play and/or shoppers to picnic adjacent to the market site are a winner.

Shoppers prefer to have a seat and a table to enjoy a coffee, breakfast or just chat to friends. These facilities need protection from chill winds and preferably shade in the summer and protected from
the rain in winter. In providing these facilities, shoppers stay longer, spend more and have more of the market experience.

Car parking is important for the shoppers who travel some distance to the market. At the ASFM, customers pay for their car parking on the site to the site’s owner. There is however a very fine balance on deciding this fee as many customers will be prepared to walk a few streets when the price is too high. For ASFM this also had the unfortunate effect of upsetting local residents with all the extra cars parking outside their home on a Sunday morning. Upset local residents will then refrain from shopping at the market and also provide negative rather than positive publicity for the market. The Macclesfield Farmers Market failed after two years when it lost its local customers who became disgruntled because of the continuous musical drumming that took place in the afternoon and could be heard throughout the township.

**Market mix**

The produce at farmers’ market stalls will change over the year reflecting the seasonality of production. This is especially so for the vegetable producers. Fruit stalls will generally only be at the markets during the harvest period and a few weeks after, which is very much the case for soft fruits. In some situations growers will extend their season by drying, freezing or preserving the fruit which they can sell for a few months after harvest. Fruits that can be readily stored, such as apples, can be sold the whole year round. There is however an advantage to run out before the new season so that consumers are starting to wait eagerly for the new seasons produce. This is one of the distinguishing differences between farmer’s markets and supermarkets or green grocer stalls in that products are only available seasonally rather than made available all year by importing the produce from other regions or countries. It does take time for customers to appreciate when items are in season and this requires some education to support knowledge of seasonality and greater appreciation of improved flavours.

Farmers’ markets must have real diversity in the stalls to attract a good customer base and also make it worthwhile for each stall holder. Farmers’ markets generally have a difficulty attracting primary producers and have an oversupply of applications from value adders. The difficulty of attracting primary producers will be researched and discussed in a forthcoming paper. Farmers’ markets often have some rules to address the market mix with maximum percentages of stalls allowable of the same type. This does create considerable problems for committees in their decisions on who to allow and not to allow. ‘Who’ is a local producer can become debatable and more debatable when considering value adding. The WFM has developed a points system to assist with allocation and to help potential stall holders identify if their produce will be accepted by the market organisers. If a stall does not get 100 points, then it is discouraged from applying for a site. For primary producers points are gained relative to:

1. Freshness/rawness of the product with fewer points with any value adding done
2. Farming practices with certified organic/biodynamic receiving more than sustainable practices and the least for standard farming practices
3. Location with most points for those located closest to the market site.

For the value adders, points are allocated for:
1. Ingredients sourced with higher points for ingredients sourced locally
2. Business practices with higher points for certified organic and less points for using some organic and very few points for standard production
3. Business location with higher points being for those closest to the farmers markets.

The points based decision aid has significantly reduced committee debate and is seen as transparent and as such has community and stallholder acceptance.

New farmer’s markets will often just take all comers first up as they are desperate for the revenue and then allow a shake out. This can however create frustrated stall holders who cannot make a good return and it provides a bad image if stall holder numbers reduce. Customers often perceive how a market is performing by the number of stalls and how that number is changing.

A dilemma for farmers’ markets is how to deal with the applications for new stall holders from farmers/value adders within the region when someone from outside the region has been historically supplying the product and originally qualified when nobody locally was either producing or wanting to supply. These original stall holders have often done the hard yards in being at the market in the establishment phase and through the first winter when customer numbers would have been poor. It creates ill feeling when a good stallholder is moved on. In some cases the old stall holder has been retained under ‘grandfathering’ clauses but these still leave the dilemma and problem of a local not qualifying at their market. The ‘grandfathering’ clauses are exceptions rather than the norm.

Farmer’s markets develop guidelines on the percentage or number of each type of stall that can exist. This creates some practical difficulties in that farmers and value adders do not come in the same combinations. For example a stall holder may be a cherry growers and also apple grower, native flower grower or soft fruit grower. The producers want to bring their full range of farm produce and not a subset and this leaves committees with difficulties if the grower has some products that are unique for this market. It also leaves farmers/value adders with a dilemma if only part of their range is approved as they generally believe they need to have their whole range. There is a need for research and decision aids to assist market managers get the right mix on stalls and the relative amount of each product type and what to do to ensure the market continues to attract customers.

**Market layout**

The layout of sites at the market will be determined by logistical issues, proximity to services such as power & water and the site design. The layout will also be influenced by the market trading hours. The sun will have a significant impact on the quality of fresh produce and especially cut flowers. Ideally fresh vegetables and flower stalls would face west for a morning market with the value adders facing east and vice versa for afternoon markets. The layout will also be affected by the need for stall holders to have vehicles/trailers on site, which they need to use to restock their stall or keep food refrigerated or frozen. The location of stalls relative to entry and exit to the market can influence their trade, depending on the product with consumers generally wanting to buy items that are highly perishable or highly crushable as they leave the market. Cakes, flowers and vegetable
seedlings need to be at the top of the shopping basket whereas hard vegetables can be at the bottom of the basket.

Market manager

The market manager role is pivotal as they act as the onsite manager on market days to ensure that the market operates within the law and within the policies/objectives of the management committee. They will also normally be involved in stall holder recruitment and approvals, audits of stall holders produce, provision of seasonal calendars, stall holder communication and market promotion, money collection and administration and membership recruitment and liaison. The auditing of stalls for authenticity of production (discussed later) by the market manager can create a conflict of interest as they are also responsible to keep stall numbers up and make sure customers’ needs are satisfied.

The market manager will play a major role in communicating with both stallholders and customers and this will generally be done in a combination of ways including newsletters, digests, emails and discussions on market day.

Farmer’s markets which have a membership model and have more than forty stalls can afford to pay professional staff rather than relying on volunteers and casual staff to assist with market setup and closing of the market. The ASFM employs a CEO, a market manager and several other part-time staff to cover the finance and market setup & closing.

The market manager qualifications would ideally include property with retail management but could also include tourism and hospitality training. They need exceptional communication skills, good problem solving skills, good administration skills and a knowledge and passion for local fresh healthy seasonal food.

The market manager needs to report to the committee on the operation of the market including decisions they have made under delegation. This ensures that the committee is informed but also allows the committee to further develop the guidelines and provides the market manager with some protection from disgruntled parties as the decisions are reviewed.

It is also essential for the market manager to oversee the collection of statistics that allow interpretation of what is happening with respect to the market. This could include market attendance, number of customers at different time points, number of customers scanned, temperature, wind velocity, number of stalls, etc. These statistics can enable an analysis of how the overall market is performing and can be used to adjust and measure changes in strategy or operations.

Authenticity of produce

The authenticity of farmer market produce is a significant issue at markets as the farmers’ market concept is built on buying direct from the grower or producer. Some producers want to cover production gaps by buying in other growers produce rather than educating their customers on
seasonality or the realities of the season on production. In other cases some individuals have just purchased product wholesale and presented it as their own. If the credibility of farmers’ markets is lost when these practices are exposed, then the markets will disappear. The consumer is coming to farmers’ markets to support farmers and to get seasonal produce at a fair price. The issue has been a concern of market managers in Australia, USA and the UK.

In the USA, legislation has been enacted to support authenticity of farmers’ markets and those who manage this properly can be accredited and operate as accredited farmers’ markets. In the UK, certified farmers markets have their own branding with 200 of the 500 farmers markets meeting the requirement for certification. In Australia, there is no direct legislative support but the current trades practice legislation does make deceptive advertising and description as illegal.

The farmers’ markets are currently trying to develop a set of rules and guidelines for self regulation with the anticipation that they will get government legislative support in the future. Most farmer’s markets endeavour to authenticate a grower’s production each year by obtaining planting and production information from the grower, before granting them a licence to trade. Site visits are also undertaken at least once a year and more frequently to growers properties seen to be producing product out of season. It is difficult to identify growers who have product growing and just purchase a bit extra but easier to identify growers who do not have any of the products in the paddock or at the appropriate maturity for harvesting. However a number of growers will cheat and these need to have their licences revoked when they are caught.

There can be considerable pressure from the extended family to sell their produce and some growers believe by purchasing and reselling that they are providing their customers a service. It is, however, these gaps in supply that come with seasonality and part of the understanding that customers need to understand.

Some farmers’ markets do allow some stallholders to resell produce as they believe it is critical to have that produce to attract customers. This may not be a problem if it was clearly indicated but this is not the normal practice. Astute customers can easily spot the product that is not grown by the stallholder and this then raises doubt about the authenticity of other farmer’s market produce and puts the integrity of all farmer’s markets in doubt. There is currently a push to develop a set of rules in each Australian state that would prevent reselling or require proper labelling for a small number of stalls (less than 15%). Markets that adhere to these rules would then be identified with a common brand such as certified or accredited farmers markets. New Zealand and Victorian farmer’s markets are leading this change with support from farmer’s market managers around Australia which was expressed in the 2009 Australian farmer’s market conference. Brookman (2009)

The authentication of producers is expensive and requires time and travel expenses. Growers who operate at several farmers markets do not want to pay for multiple markets scrutinizing them, especially if they have already been accredited by other groups such as organic associations.

There is also a consumer need for accreditation of the sustainable practices as this is one of the reasons many shop at farmers markets i.e. to support sustainable practices. They are reliant on the honesty of the producer. They become sceptical when they read of instances of primary producers trading at markets who are not doing the right thing. The stories of exceptions get reprinted in other
media and build up an image that the exception is the norm. Accreditation systems can reduce the impact of these.

The New Zealand Farmers Market Association is in the process of establishing authentication of markets and growers so that the Farmers Market Brand is protected and so that stall holders that trade at several markets do not have to be authenticated by each committee. An authentic farmers market would allow 20% of stalls that were not local or that sold produce not made from local ingredients. This is to allow for inclusion of coffee stalls (no coffee grown in New Zealand), bread makers (many areas do not grow wheat) and others that were deemed important for the market. These other stalls would still have to be authenticated as a local person and where possible using local produce in the value adding and doing the value adding that is within their capability, such as roasting the coffee beans. The farmer’s market association has given itself three years to complete the process of authenticating the markets and the growers and only the markets and growers who have met the authenticity process will be able to use the farmers’ market logos.

**Market Promotion**

Stall holders like to see their market advertised on a regular basis, which is also good promotion practice. The alternative is to see the market regularly in the media as part of stories on the stall holders or places to get the ingredients for that special recipe. The ASFM has successfully worked on a policy of not advertising but rather to have stories written and participate in radio interviews etc. This does not come free as it requires individuals to manage the journalist and the relationships with the media and this is extremely difficult to do if the market requires volunteers to undertake this. An analysis of ASFM media content using industry standards for the value of media stories show that the media contact was equivalent to what they had paid their Market CEO whose responsibility was to manage the market staff and media relations. Adelaide Showgrounds Farmer Market committee minutes (2009).

The media stories can include write ups on stall holders, promotion of special events including visits of celebrity chefs, and the running of special theme days such as Chilli Fest which highlights all products that use chilli’s.

Market signage is important so that new and existing customers can easily find the market. The use of iconic sites or highly visible sites helps reduce some of the requirements for advertising.

**Conclusion**

Farmers’ markets are an important development within a community, offering an opportunity for farmers and value adders to sell to their local community and for the community to support them. It can provide other benefits for the community which include meeting producers, education on food and providing a safe meeting place. Further research is required into how to attract more raw food producers to sell at farmers markets or what management changes these farmers need to implement so they can supply farmers markets. This is critical as farmer’s market rely on consumers doing their weekly shop at the market and it is the raw food producers who are the hardest to
attract to the markets. Further research is required on how to operate a farmers’ market including decision aids to assist in obtaining the right stall mix, site layout to maximize the benefits to the community including both the consumers and the stall holders. This is important for the viability of each stallholder and the viability of the market as a whole. There is a need for development of state/regional based systems in Australia that can authenticate a producers’ production and the sustainability of production methods that allows farmers to operate at one or more farmers markets. The authenticity of local produce is what differentiates these markets from supermarkets and green grocers. Farmer markets would benefit from property management research bringing commercial operational research into this not for profit context.

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