

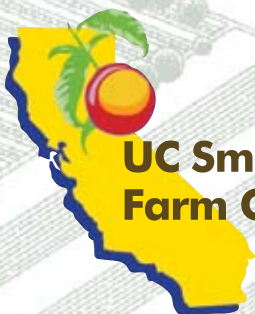
# Growing Your Farmers Market



Desmond Jolly, Editor

VOL.

3



**UC Small  
Farm Center**

# The Farmers Market Management Series • Volume 3

## Growing Your Farmers Market

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# Introduction and Overview

**W**hether you are a manager or member of the board of directors for a farmers market, and whether your market is new or established, if development and growth are among your goals for your market, this guide is for you. The purpose of this book is to help you grow your farmers market so that it fulfills its potential to benefit farmers/vendors, customers, and your community. Farmers markets grow and develop best under the leadership of managers and boards who are aware of the competitive environment and able to use it to the market's advantage. That means reviewing the market's mission and assessing its effectiveness, gauging how well the market is meeting the needs of its target clientele, and assessing its position relative to competitors such as supermarkets. It also means using the results of such assessment to improve the market's revenues by adding products that appeal to existing customers so that they may make more purchases at the market or by appealing to a larger number of customers or both.

**This chapter will enable you to:**

- ▶ **Understand the history, roles, and position of farmers markets in the food system.**
- ▶ **Understand the steps involved in strategic marketing of your farmers market.**

## Farmers Markets and Communities—Past and Present

Trading and food markets are probably as old as agriculture itself, likely developing in ancient Mesopotamian and Nile Valley civilizations. From the colonial era to the present, marketplaces have been an integral part of the social life and sense of community of many towns and cities in the United States, as well as a source of fresh food. Since the advent of the industrial age, farmers markets have experienced varying levels of popularity. Their role as a source of fresh produce declined through much of the twentieth century as suburbs and supermarkets gained in popularity, but they have recently seen a resurgence of interest and loyalty among consumers committed to supporting local farmers and interested in buying the freshest, highest-quality produce available. Consumer awareness of the benefits of farmers markets stems in large part from the efforts of small-scale farmers and their advocates to establish channels through which farmers can sell their produce directly to local consumers. Such efforts have been so effective that farmers markets have come to be seen by city planners and economic developers as an instrument of downtown and urban revitalization, drawing affluent consumers

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into city neighborhoods. For many community activists, farmers markets are of greatest benefit as a source of affordable nutritious fruits and vegetables for neighborhoods and populations with restricted access to supermarkets.

For a broad view of the varied positive roles of farmers markets, consider three of the farmers markets in San Francisco: the Ferry Plaza, UN Plaza, and Alemany farmers markets.

The Ferry Plaza farmers market is the most upscale of the markets and is specifically targeted at upper-middle-class San Franciscans as well as tourists visiting the city. Most of its growers are organic farmers so the product quality and prices are generally higher than most other competitors in the area. In addition to produce, it offers specialty products such as olives, olive oil, breads, pastries, fish, lamb, cheese, pasta, and other gourmet items. Displays are well designed and colorful.

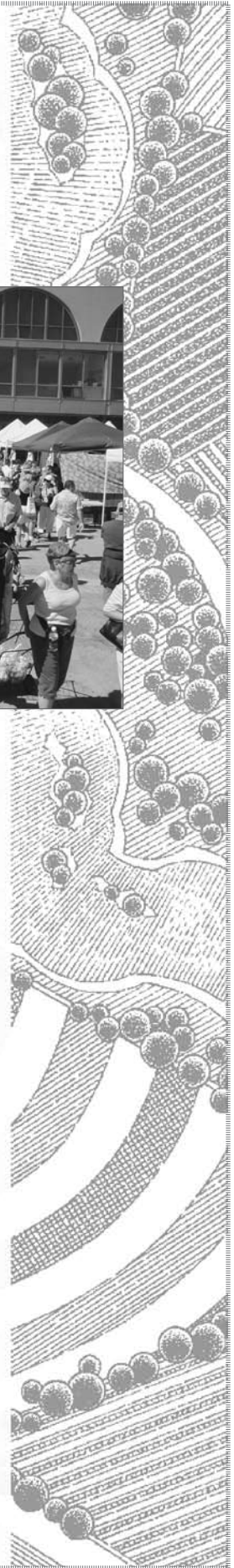
Operating from the early spring months through late fall, the market also offers a variety of dishes prepared by local upscale restaurants. This market occupies a special place in the minds and shopping experiences of local consumers. People do not simply go there to buy food. They go to purchase high-quality specialty products and to enjoy the unique experience and ambience of the marketplace.

The UN Plaza Market caters to the Asian community, reflecting the ethnic communities that most densely populate the surrounding neighborhoods. This is a wonderful place to come to if you are looking for bok choy, long beans, lemon grass, winter melon, and other ingredients specific to Thai, Chinese, Vietnamese, Cambodian, and Laotian dishes. There is a wide selection of affordable, standard-quality produce. The consumers that frequent this marketplace do so to buy needed produce for the week and head home. Aesthetically, it is not as attractive as the Ferry Plaza market. Produce is displayed in large, undistinguished boxes and customers sort through the piles to choose what they want.

The Alemany market is the oldest of the San Francisco Bay Area farmers markets and caters to a variety of different market segments. This market has been in business for almost fifty years. It features both organic and conventionally grown fresh produce, dried fruit, nuts, herbs, eggs, jam, and fish. As this market caters to low-



San Francisco's Ferry Plaza farmers market.



and middle-income customers, quality is moderate to very good and products are moderately priced.

Each of these markets has a different mission and customer base, and each occupies a different position in the market. To grow, each would have to employ different strategies. No matter what strategies are used to grow a market, though, the process follows a common set of steps that are important to know.

## What is Strategic Marketing and Why Is It Important?

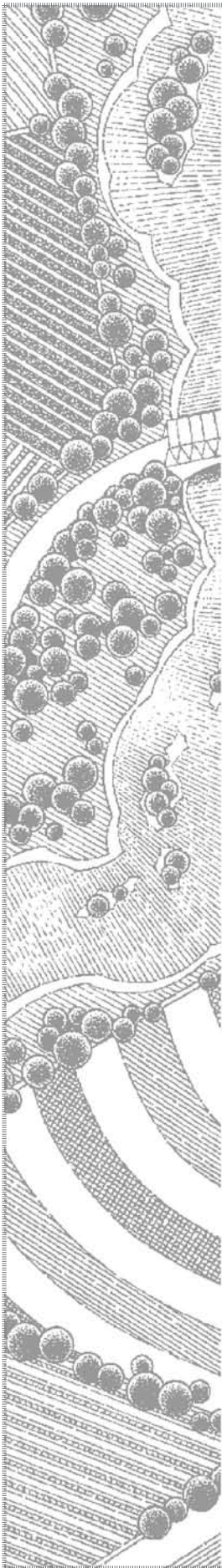
Farmers markets, whatever their mission and position at any point in time, exist within a larger neighborhood, community, and set of social and economic conditions, all of which change constantly. Strategic marketing, done well, allows the market to maintain and even increase its revenue consistent with the market's vision and mission. If managers and boards do not employ strategic marketing, they may find their market floundering as a result of failing to anticipate or keep pace with changes in its environment.

When farmers markets got their start in the United States in colonial days, there was no real competition. Markets were the only source of fresh produce for people who did not grow their own. With the ascendancy of supermarkets, farmers markets had real competition for customers and many were not prepared. Many farmers markets ceased to exist in the era of supermarkets' greatest growth. In the last thirty years, farmers markets have carved out several niches in the market for food, but supermarkets and specialty food retailers, with their large budgets for marketing, advertising, and promotion, are constantly adapting to gain loyalty and ever larger shares of consumer income. Most recently, globalization of specialty produce has led to the availability of fruits and vegetables, both standard and exotic, year round. When consumers do not have to wait until summer for fresh raspberries, farmers who grow raspberries to sell at a farmers market are at a disadvantage unless they can carve out a market position that preserves their place in customers' hearts—and budgets.

## Steps Involved in Strategic Marketing and Growth

Strategic marketing involves some common procedures. To create and implement an effective marketing plan, the manager and board of directors will need to:

- Review and, if necessary, revise the market's vision and mission.
- Gauge the extent to which the market is fulfilling its mission by collecting data from vendors, customers, and other stakeholders.



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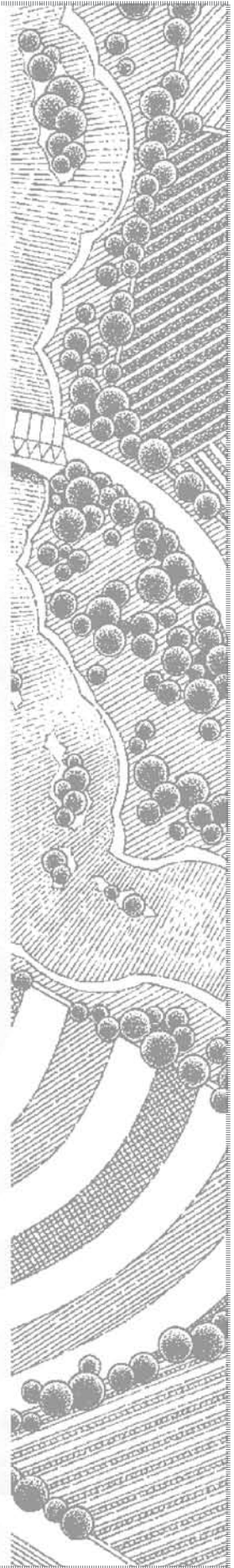
- Assess the competition by collecting and analyzing data from competitors.
- Determine goals and priorities to better achieve the market's mission and increase revenue.
- Develop a set of strategies such as promotions, special events, product development, and changes in quality and pricing to meet the market's goals and priorities.
- Implement the established strategies.
- Monitor, evaluate, and make necessary changes.



When viewed as a list, this looks like a straightforward process with a clear beginning and end; in fact, it should be an ongoing, continuous quality-improvement process that becomes a way of doing business and in which each cycle leads to further improvement. While the manager has primary responsibility for implementing plans for strategic marketing and growth, the board of directors should take an active leadership role in working with the manager to create a strategic marketing plan.

### Summary

This guide is designed to help managers and boards of directors work through a sequential process of strategic marketing. Each chapter deals with a component of strategic marketing—by working through this book chapter by chapter, farmers market management will learn to create and implement a strategic marketing plan. However, this book is not intended as a one-time exercise. The effectiveness and success of managers, vendors, and farmers markets depends on continuous development and application of research, knowledge, and skill. The skills you develop as you work through this book should be honed and built through regular practice researching market trends, establishing priorities, setting goals, and choosing, implementing, and evaluating strategies to improve your market.



## Reviewing Your Market's Vision and Mission

This chapter will enable you to:

- ▶ Review, evaluate, and, if necessary, revise your market's vision and mission statements.
- ▶ Understand the role of the vision and mission in strategic marketing efforts.
- ▶ Use your market's vision and mission to evaluate your market's performance and craft a plan with a strong purpose and likelihood of success.

Your farmers market probably has vision and mission statements. They may be used to actively guide decision-making regarding the market's direction or they may be filed somewhere and practically forgotten. When undertaking a strategic marketing effort, it is a good idea to review and perhaps revise the vision and mission statements so that they can be used to guide your efforts. If you do not know why your market is in business, what niche it should fill, and whom it exists to serve, you run the risk of trying to be all things to all people and may be pulled in so many directions that you cannot be effective at anything in particular.

### The Vision Statement

The vision statement is a broad statement of the place of the market in the community. The founders of your market probably had a mental picture of the farmers market they wanted and the role it would play in the community or a clear idea of the problem to be solved with the addition of a farmers market. That vision may or may not be relevant today.

As manager, you probably have your own vision for the market. Some of the common elements of a farmers market that can reflect the vision of its founders and management are listed on the following page along with space to draft your own vision statement. You can use these elements to articulate your vision for the farmers market, draft your vision statement, and compare it with the existing one. Reviewing and revising the vision statement should entail dialogue among

#### A Sample Vision Statement

*The Park City Farmers Market will meet the community's need for healthy fresh food and provide an inviting educational venue through which urban residents develop a deeper understanding of farming and its*

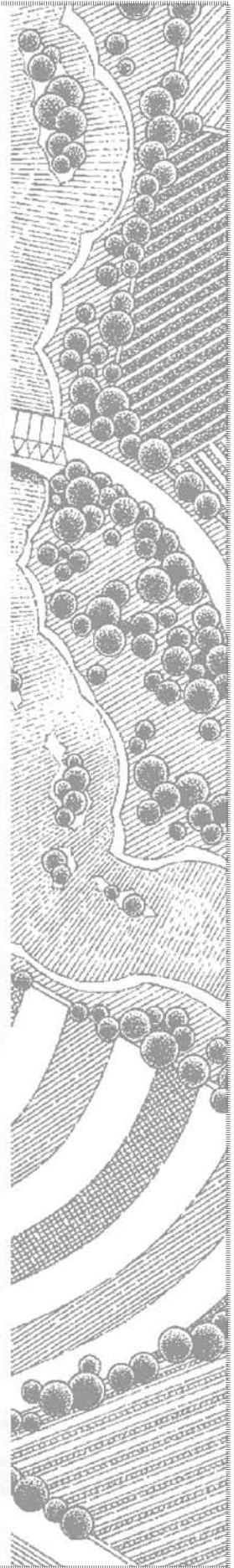
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the board of directors, the market manager, and stakeholders so that the vision defined by it has broad support.

### Our vision includes these attributes and goals:

- Affordable produce
- Lots of variety
- Neighborhood-based
- Convenient
- Cultural forum
- Free speech
- Individuals/families as customers
- Entertainment
- Arts and crafts products
- Education
- Fundraising
- Sustainable agriculture
- Accessible by public transportation
- Meats, fish, dairy, eggs, honey, etc.
- Downtown
- Community gathering place
- Information dissemination
- Gourmet products
- Restaurants as customers or vendors
- Family friendly
- Value-added products
- Product demonstrations
- Agricultural heritage

### Vision statement:





## The Mission Statement

The mission statement is a concise, fairly concrete, specific statement of the major goals of the market organization in seeking to realize the vision of its founders. Clarifying and synthesizing the group's purpose and beliefs in a written statement

makes it easier to present the concept to growers, the community, and others and to use it to guide decision-making.

Sample mission statement from the Pacific Coast Farmers Market Association:

*Our mission is to establish and operate community-supported certified farmers markets that provide: viable economic outlets for California farmers and food producers, local access to farm fresh products, support for local businesses, and education concerning food and sustainable agriculture.*

The answers to two questions—*What are the market's goals?* and *What are the market rules?*—are reflected in the market's mission statement as well as the market's bylaws. Even if the market does not incorporate or have nonprofit tax status, it is a good idea to put the market's goals in writing. The mission statement should:

- Identify the market's key goals; and
- Provide philosophical direction for developing the market's objectives.

A clearly defined mission statement will give the market a starting point for long-range planning and for major decision-making.

The organizational mission statement should be agreed upon and supported by everyone on the board. If there is no mission statement for your market, here is a process to create one:

**Step 1.** To define your market's mission and develop a mission statement, first look at the vision statement. The mission statement should grow from and be consistent with the vision statement. Write the vision statement on a large piece of paper or a whiteboard with plenty of room around it for ideas about the mission.



**Step 2.** With the vision statement on a large piece of paper or whiteboard, start brainstorming actions that would be most effective in achieving the vision. Brainstorming means simply getting ideas on paper without judgment, censorship, or evaluation yet.

**Step 3.** When the ideas are exhausted, it is time to start evaluating them. Which ideas are not actions or cannot be turned into actions? Set them aside (they may be great ideas, just not mission statement material). Which

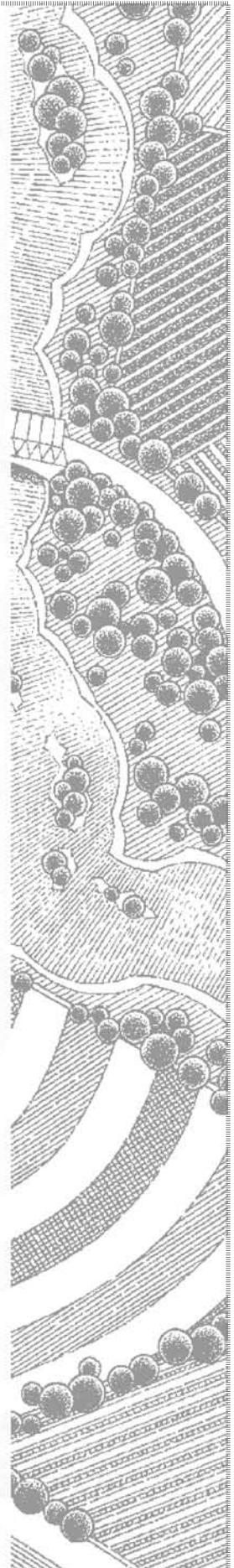
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would be the most effective action (big steps versus little steps—the mission involves giant steps)?

Step 4. Write the mission statement. Get feedback from all members of the board of directors and, if possible, from other stakeholders. Evaluate, revise, and get more feedback until members of the board are satisfied with the mission statement for the market.

### **Mission statement:**

If your market already has a mission statement, review it to be sure it is still relevant and does not need revision. If the mission statement needs revision, follow the same steps previously outlined for creating one.



## How Do the Vision and Mission Guide Strategic Marketing?

Strategic marketing involves increasing revenue consistent with the market's vision and mission. In some cases, it might be easy to increase revenue if the board of directors and manager ignore the market's vision and mission and much harder to accomplish while remaining true to those guiding statements. This is especially true if the vision and mission involve activities that generally are not highly profitable, such as providing access to affordable fresh fruits and vegetables for a low-income neighborhood or population. So it may be tempting to either depart from the mission or expect low revenue. Once you have reviewed the vision and mission statements and are certain they still reflect the purpose, direction, and goals of the market, the next steps are to:

- List the ways the market can fulfill its mission and indicators by which to gauge whether and to what extent it is doing so.
- Gauge the extent to which the market is fulfilling its mission by collecting data from vendors, customers, and other stakeholders.
- Assess the competition by collecting and analyzing data from competitors.



### Listing Indicators of Success

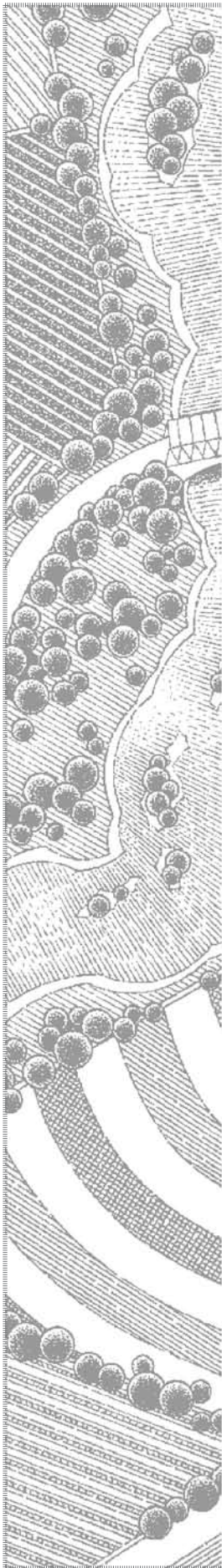
Depending on the market's mission, individual aspects of the market will vary in importance. For example, if the market's mission is to provide access to affordable fresh fruits and vegetables, then price is a primary consideration. If, however, the mission of the market is to promote organic farming by providing direct-marketing opportunities for organic farmers, price is a much less important consideration and access to the market by organic growers becomes more important.

Use your market's mission to generate a list of indicators that can be used to assess whether the market is fulfilling that mission. These are things you will look for and ask about as you gather information to assess your market's performance. Use the following example to create a table with your market's mission and indicators.

**Sample Mission Statement:** To provide high-quality, affordable produce to low- and middle-income residents of Small City.

Use parts of the mission statement to create indicators:

To provide **high-quality, affordable** produce to **low- and middle-income residents of Small City**.



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The highlighted parts of the mission statement can be used to develop indicators of how well the market is achieving its mission. If providing “high quality” produce is one part of the market’s mission, then you need to list factors that describe quality.

### Indicators

#### Part 1: High Quality (see Chapter Ten)

Indicators of Quality—*What does “high quality” look like?*

- ▣ Freshness
- ▣ Flavor
- ▣ Texture
- ▣ Appearance
- ▣ Size
- ▣ Maturity/Ripeness

#### Part 2: Affordable

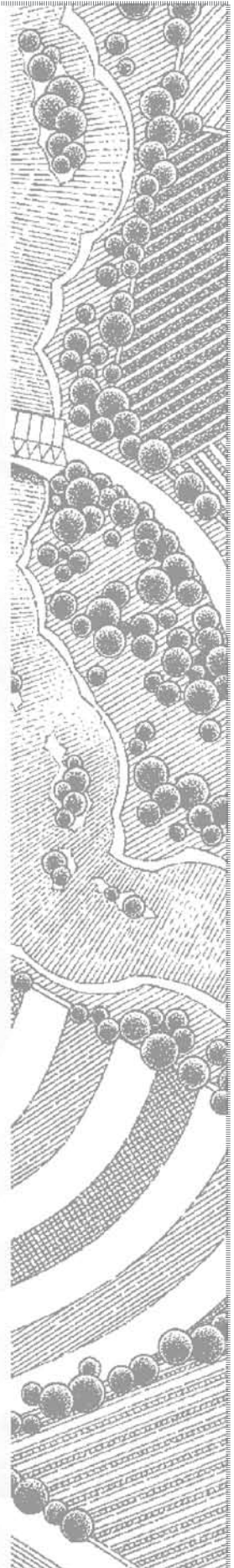
Indicators of Affordability —*What does affordability look like?*

- ▣ Prices lower than or equal to supermarket
- ▣ Prices lower than or equal to club store
- ▣ Prices lower than convenience store
- ▣ Prices lower than or equal to other competitors
- ▣ Prices lower than or equal to customers’ expectations

#### Part 3: Serve low- and middle-income residents of Small City

Indicators of Serving Low- and Middle-Income Residents—*What level of service is acceptable?*

- ▣ \_\_\_% of low- and middle-income residents who shop at our farmers market
- ▣ \_\_\_% of shoppers at our market who are low- or middle-income
- ▣ \_\_\_% of shoppers at our market who live in the city



**Develop Indicators for Your Market**

Use the preceding example as a model for creating indicators for your market.

First, write your market's mission statement here:

Next, use a highlighter, numbers, or symbols to break the mission into its parts and then list measurable, observable factors that make up each part of the mission that you can use to evaluate how well your market is achieving that mission. We will use this worksheet as the basis for the next steps in the evaluation and strategic marketing process.

**Part 1:** \_\_\_\_\_

Indicators—*What does success look like?*

**Part 2:** \_\_\_\_\_

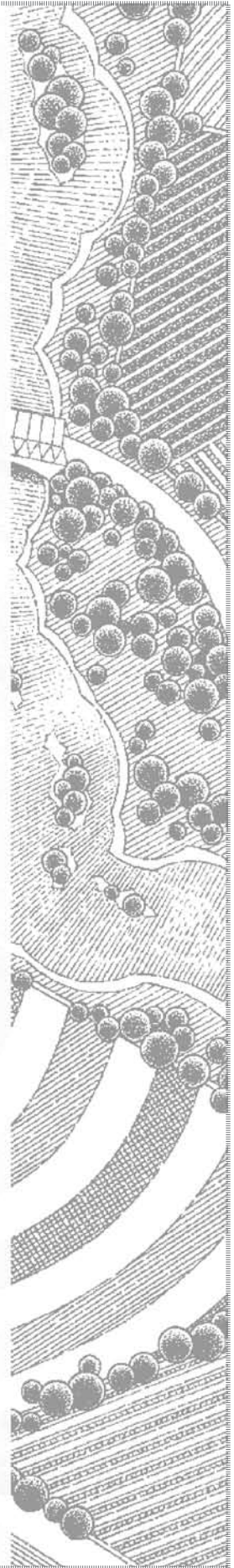
Indicators—*What does success look like?*

**Part 3:** \_\_\_\_\_

Indicators—*What does success look like?*

### **Conclusion**

When you gauge the extent to which the market is fulfilling its mission, any gap between the market's mission and its current performance is an opportunity to employ strategic marketing activities to bridge that gap. The next chapter will familiarize you with ways to collect data so that you can assess the extent to which your market is fulfilling its vision and mission.



## Collecting and Interpreting Data: Research Tools and Methods for Market Performance Assessment

This chapter will enable you to:

- ▶ Be familiar with a variety of data collection methods and their uses.
- ▶ Begin choosing the data collection methods to use in assessing your market's performance.

To grow your market, you need to assess its current performance, strengths, and weaknesses. Assessment involves research—collecting, analyzing, and interpreting data. There are a number of research methods and tools that can be used to collect data on the performance of your farmers market.

### An Overview of Data Collection Methods

There are a number of different methods of collecting the data you need to assess your market's performance, evaluate your strengths and weaknesses and position relative

to your competitors, and create a strategic marketing plan. This section provides a brief overview of those data collection methods and their appropriate use.

#### Anecdotal Data

Anecdotes are stories. Anecdotal data simply means the information you get from the stories you hear about the market from day to day—vendors' stories about outrageous complaints or happy customers, customers' stories about their favorite market experience when you run into them at the library or a meeting, stories you tell your family at the dinner table. Anecdotal data is a good starting point for more formal research. From interacting with customers, the manager, staff, and vendors probably have a fairly good idea of basic issues and questions to be asked. The manager should also have a picture of the issues that concern the market's vendors and possibly of issues regarding the market that may concern area business owners and neighbors. Such data, while not gathered or interpreted systematically, can point to the questions that should be the focus of more formal efforts to evaluate market performance.



### Customer and Vendor Feedback

If the market has a suggestion box or a process for handling written complaints, the records of these also can be useful for evaluating themes and trends in the strengths and weaknesses of the market. Such themes and trends can be a basis for more formal research and analysis.

### Surveys

Surveys are probably the most common method of formal research. Surveys are usually written documents, though they may be administered verbally. Surveys ask a common set of questions of everyone who responds, typically offering multiple choice answers or rating scales and sometimes allowing respondents to add information or comments.

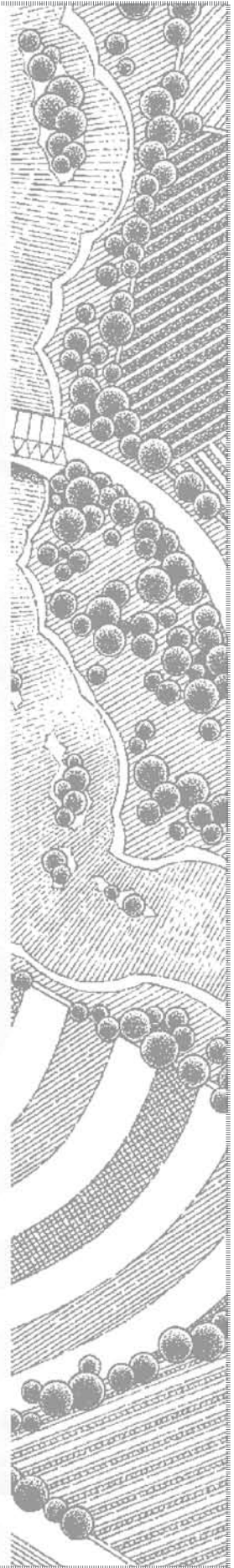
A major advantage of surveys is that they standardize the collection of information so that it is uniform and interpretation can be relatively straightforward. Another advantage is that administration by mail, the internet, or on paper at the market itself is often less labor intensive than any other method of collecting information.

Some disadvantages of surveys are that the success of the survey depends in large part on the focus of the questions and the quality of the survey's design. For example, a survey may ask respondents to rate their satisfaction with the market's schedule. If respondents indicate they are not satisfied with the schedule and there is no survey question about what they find unsatisfactory or about what schedule would be more satisfactory, the survey's information is not very helpful.

Some common pitfalls in designing surveys are to make them too short to be fully informative, too long for respondents to finish, too general to elicit information that is useful in improving the market, or too specific to allow respondents to give feedback about concerns that are important to them but not represented in the survey. Finding a balance between too short and too long and too general and too specific can be very difficult! It helps to have a clear idea of what you want to learn from a survey and who you want to respond.

### Interviews

Interviews can be valuable sources of in-depth information about the preferences and evaluations of respondents. Interviews can range from the very formal, following a strict protocol with the same questions asked of every respondent, to very informal, with the interviewer following the respondent's comments and allowing information to emerge based on those comments. Most interviews will fall some-





where in the middle with a common set of questions and leeway to follow up on interesting comments.

The primary advantage of the interview as a data collection tool is the chance to get more in-depth information than is possible in a survey. However, interviews also have a number of disadvantages. First, they are far more labor intensive to conduct and interpret than surveys. Someone must ask the interview questions of each individual respondent and either tape record or take detailed notes of the answers. The personality of the interviewer can have a huge effect on the quality and completeness of responses. If interviews are recorded, they must be played back, transcribed, or both. Because responses will probably contain a great deal of variation among respondents, it can be difficult and time-consuming to find the themes that are useful for improving the market. All these considerations mean that interviews are only practical with a small number of respondents, unlike the much larger number that can be reached with a survey. The two in combination can improve on the results of either interviews or surveys alone, and we discuss how to combine methods for maximum effectiveness in the chapter on evaluating your market.

### Focus Groups

Focus groups are interviews in which the researchers bring together a group of people who do not necessarily know each other but who share a characteristic that is relevant to the question to be answered. If, for example, you wish to learn why some people in the target population do not shop at your farmers market, you might assemble a focus group of people who have shopped at the market in the past but do not do so now, or a group of people in your target population who have never shopped at the market.

An advantage to focus group interviews is that they allow people to build on each others' ideas, reflecting and listening and developing their opinions through interaction. Such interviews can yield richer, more thoughtful answers than individual interviews.

Disadvantages of focus groups are that they are difficult to organize and that they require some skill on the part of the interviewer to keep the group on track. Furthermore, because the answers are the result of interaction, they may vary highly from group to group and so can be difficult to interpret. A group can easily be "hijacked" by the strong opinions of a single individual. Trustworthy results depend on conducting several focus group interviews and looking for common themes in the responses.



### Tasting Panels

Related to a focus group, a tasting panel is a group of people gathered to evaluate market products. You can use tasting panels to assess your product mix and quality.

### Observation

Another useful source of data is observation with specific criteria or questions in mind. Market management might gather data by observing and recording the level of activity at the market at different hours—is the market busy early in the day with business tapering off later or is it steady? Do vendors tend to have large amounts of product left or run out early? Observation, especially when combined with other sources of data, can be very useful in evaluating the market's performance.

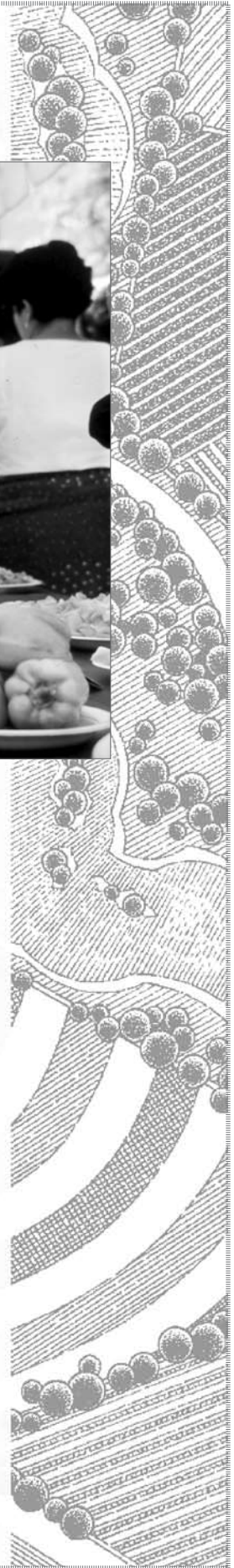
One method of observation involves counting—numbers of customers per half hour or the number of customers who fit certain categories, such as families with young children or seniors, for example.

### Observation/Comparison

Especially when evaluating your position relative to competitors such as supermarkets, you can use observations and comparisons; for example, you may compare price, quality, or selection of a sample of produce.

### Document Analysis

A functioning market already has invaluable sources of data in the records kept. Much can be learned from records of vendor sales or percentages of revenue paid as fees to the market and other financial records. Such records give a picture of the market's busy and less busy times and seasons.





### Census Data

You can gain useful information about customer and community demographics from census data; especially when compared with a profile of the market's customers obtained from observations, counts, and/or surveys, the market's management can evaluate how well the market is attracting and serving its target customers and how representative the market's customers are of the community as a whole.

### Map

A simple way to profile the market's customers is to post a map of the community and ask customers to mark their neighborhood or street with a pushpin or a written "x." This method can also be used to get a quick and graphic picture of customer satisfaction with many factors of market performance, including quality, variety, and pricing.

### Conclusion

The most important consideration for collecting high-quality data and interpreting it accurately is knowing what questions you want to answer with the information you gather. Once you have identified those questions, you can choose the most appropriate methods for gathering and interpreting information to answer them. With a focused effort, you will likely find the information you need to create a successful strategic marketing effort.



## Assessing Your Market's Performance

In the previous chapter you learned about various strategies to gather information about your market. In this chapter, you will learn to choose and implement evaluation strategies for your particular market.

This chapter will enable you to:

- ▶ Distinguish between types of evaluation tools and their appropriate uses.
- ▶ Decide how to evaluate your market.
- ▶ Collect data.
- ▶ Interpret data and reach conclusions.

### Introduction to Evaluating Your Market

There are many ways to evaluate your market. Areas subject to evaluation include its schedule and location, the layout and atmosphere, and the products, services, and activities available. Furthermore, a market can appeal to different types of customers at lunch time, late afternoons during the week, and weekend mornings. At each of those times, different product mixes and types of activities may improve the market's success. You can collect data from current vendors, farmers who are not part of the market (who either would like to be or are prospective recruits), customers and people you would like to have as customers, and community members and organizations who support the market or whose support you would

like to enlist. To ensure your conclusions are valid, it is a good idea to have more than one source of data to answer each question you pose.

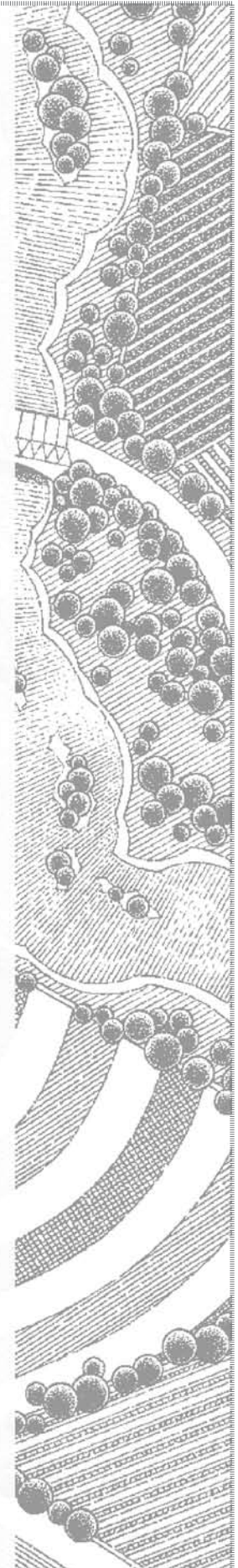
To choose the evaluation strategies that produce the most useful results, you need to focus on the goals of your market. To assess your market's performance, start with your vision and mission. In Chapter Two, you were prompted to review your vision and mission statements and create a list of indicators of how your market fulfills its mission. Keep these indicators

in mind as you conduct evaluations and design surveys or focus group questions. Using the table from Chapter Two, you can see how you might set up an evaluation of your market.

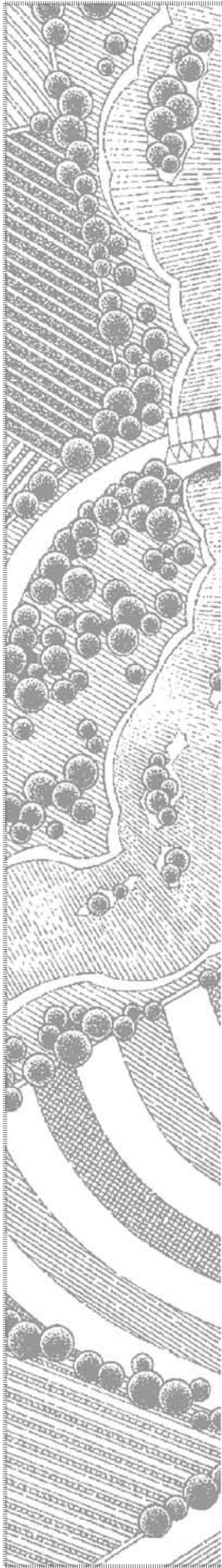


## Sample Evaluation Plan

Indicators	Sources of Data How can you find out?
<b>High Quality (see Chapter Eleven)</b>	
<ul style="list-style-type: none"> <li>■ freshness</li> <li>■ flavor</li> <li>■ texture</li> <li>■ appearance</li> <li>■ size</li> <li>■ maturity/ripeness</li> </ul>	<p>focus groups</p> <p>tasting panels</p> <p>surveys/interviews</p> <p>market records—look at sales trends and revenue changes per vendor</p>
<b>Affordable</b>	
<ul style="list-style-type: none"> <li>■ compared to supermarket</li> <li>■ compared to club store</li> <li>■ compared to convenience store</li> <li>■ compared to customers' expectations</li> </ul>	<p>observations/comparisons</p> <p>surveys</p>
<b>Serve low- and middle-income residents of Small City</b>	
<ul style="list-style-type: none"> <li>■ What portion of customers are low- and middle-income?</li> <li>■ What portion of low- and middle-income residents are we serving?</li> <li>■ What portion of customers come from outside the city?</li> </ul>	<p>census data</p> <p>surveys</p> <p>interviews</p>



**Develop Your Own Evaluation Plan**



Indicators from the List You Created in Chapter Two	Sources of Data How Can You Find Out?
<b>Indicator:</b>	
<b>Indicator:</b>	
<b>Indicator:</b>	
<b>Indicator:</b>	

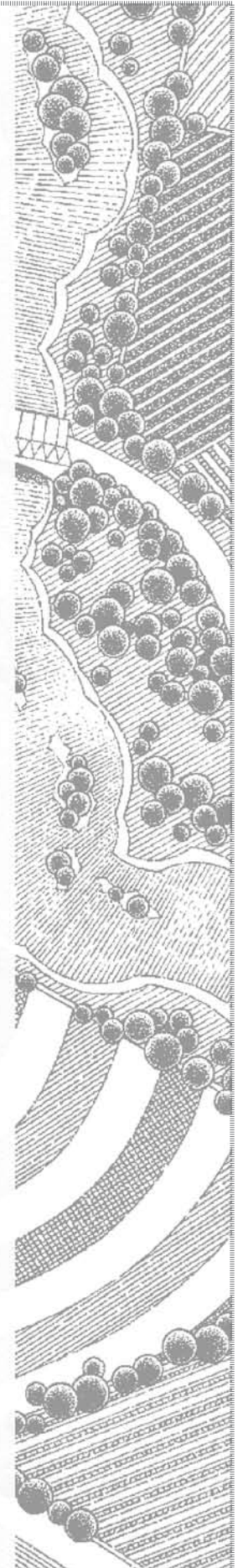
## Growing Your Farmers Market

Following is an example of an evaluation tool you can use or adapt to evaluate the market based on observations and visits. For the most reliable results, use this tool at different times and with different evaluators and then compare notes.

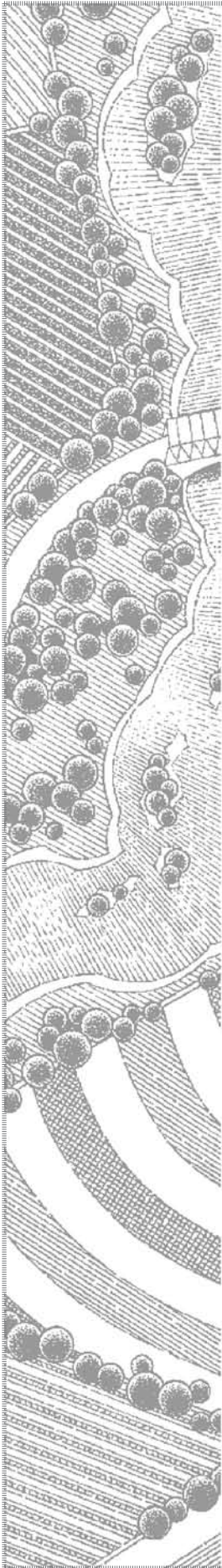
Use the list of indicators you generated in Chapter Two and copied on the preceding page to customize this evaluation tool or highlight those aspects of the tool that are most important for your market.

### Farmers Market Walk-through Evaluation\*

	Yes	No	Needs Improvement – Notes
<b>Location</b>			
Easy to find			
Accessible to foot traffic			
Accessible to cars only			
Accessible by public transportation			
Directional signs			
Near other businesses			
Near residential area			
Room for expansion			
Unique features:			



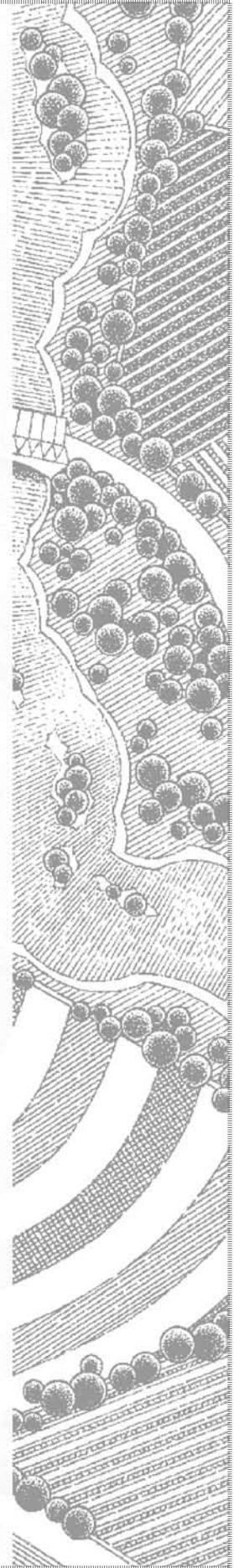


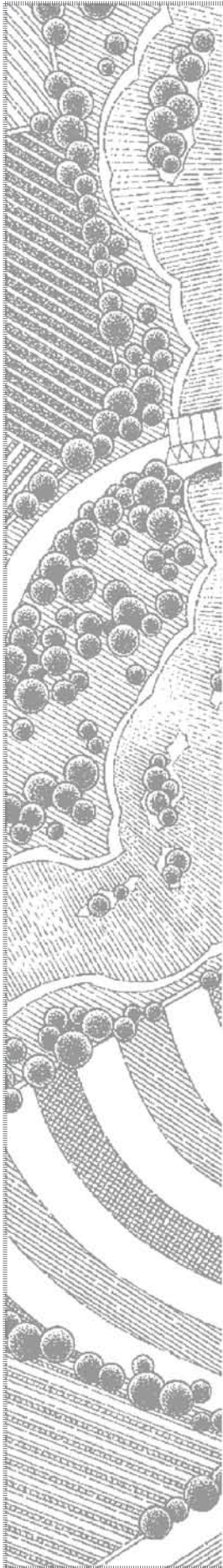


	Yes	No	Needs Improvement – Notes
<b>Parking</b>			
Easy to find			
Reasonable walking distance			
Entry and exit signs			
Directional signs			
Adequate number of spaces			
Traffic circulates well			
Surfaced driving lanes			
Safety concerns addressed			
Attendants to help flow			
<b>Grounds</b>			
Attractively landscaped			
Clean and free of debris			
Unique features:			

# Growing Your Farmers Market

	Yes	No	Needs Improvement – Notes
<b>Customer Amenities</b>			
Benches, places to sit			
Trash receptacles			
Restrooms nearby			
Running water for public use nearby (handwashing, etc.)			
Diaper-changing			
Phone nearby			
Handicapped accessible restrooms			
Other:			
<b>Customer Service</b>			
Information booth			
Bags and baskets			
Credit cards			
ATM			

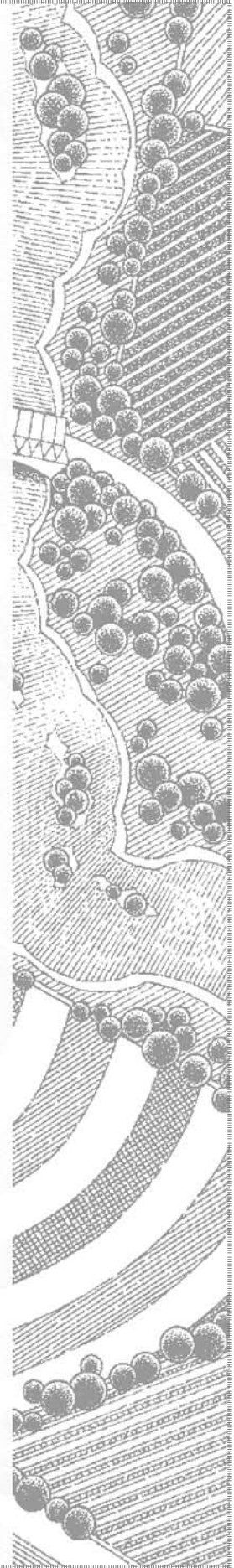


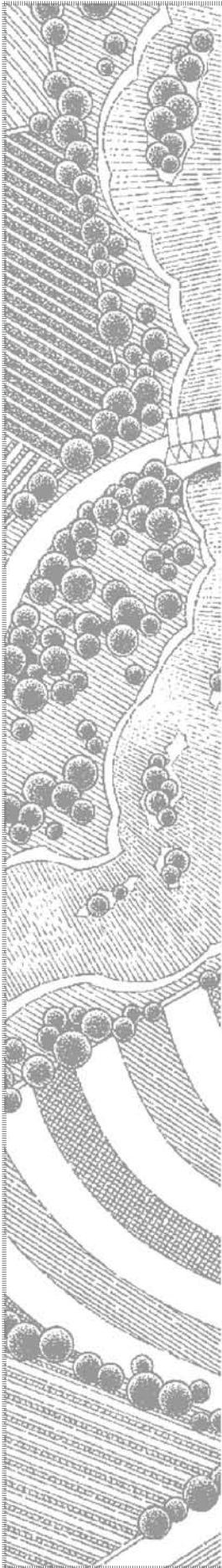


	Yes	No	Needs Improvement – Notes
FMNP (Farmers Market Nutrition Program)			
Food Stamp / EBT			
Community Information			
Other:			
<b>Indoor Facility</b>			
Vendor spaces of adequate size			
Spaces clearly marked			
Room to expand			
Adequate aisles			
Clean, nonskid flooring			
Good lighting			
Good signage			
Logical pedestrian traffic flow through market			

# Growing Your Farmers Market

	Yes	No	Needs Improvement – Notes
<b>Outdoor Facility</b>			
Vendor spaces of adequate size			
Spaces clearly marked			
Room to expand			
Adequate aisles			
Easy-to-walk-on surface			
Good signage			
Logical pedestrian traffic flow through market			
<b>Atmosphere</b>			
Favorable overall			
Entertainment / demonstrations			





	Yes	No	Needs Improvement – Notes
<b>Customer Activity</b>			
Adequate numbers			
Shop entire market			
Linger			
Appear to be enjoying themselves			
<b>Vendors Overall</b>			
Adequate numbers			
Friendly with customers			
Offer a variety of products			
Good overall presentation			
Good quality products			
Tents or umbrellas to protect products			
Sturdy, safe display equipment			

	Yes	No	Needs Improvement – Notes
<b>Customer Demographics (approximate based on observations)</b>			
Approximate Age:	20–40 _____% 40–65 _____% Over 65 _____%		
Gender:	Female _____% Male _____%		
Ethnicity:	Anglo _____% Black _____% Native American _____% Latino _____% Asian _____%		
Family Units:	Singles _____% Couples _____% Families _____% Other Groups _____%		
<b>Vendor Product Summary (indicate number of each)</b>			
_____ Flowers	_____ Baked Goods	_____ Dairy	
_____ Plants	_____ Processed Foods	_____ Eggs	
_____ Fruits	_____ Prepared Foods	_____ Meats	
_____ Vegetables	_____ Maple syrup	_____ Crafts	
_____ Herbs	_____ Honey	_____ Cider	
_____ Other			

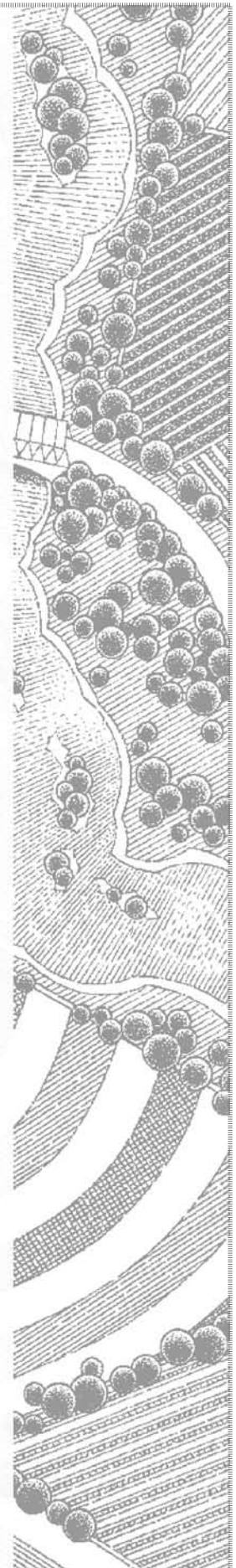
\* Adapted from a tool prepared by Monika Roth, Extension Educator, Cornell Cooperative Extension, Ithaca, New York.

## Methods and Strategies for Evaluating Your Market

A walk-through evaluation of the market can yield valuable information, but it cannot substitute for the perspectives of your customers, vendors, and others. Use the results of your walk-through to formulate questions and methods of collecting information. Following are some ways to tailor the information-gathering methods discussed in Chapter Three to your specific needs.

### Start with Available Information

There is a great deal of information available even before you begin to engage in formal assessment of the market. Consider anecdotal data: What have you been hearing from vendors and customers informally? What complaints do you receive most often? What is the positive feedback you most often hear? Use this information



and the following questions to decide what further information you need and how to collect that information.

Some questions to consider:

- Who are your current customers? Are they the customers you intended to serve? Why do they shop at your market? How much do they spend and what do they buy? What do they like and what changes would they like to see?
- Who are the potential customers you have not yet reached? Why do they not shop at the market? Where do they shop? What would it take to bring them to the market?
- Who are your current vendors? Why do they sell at the market? How satisfied are they with the market? What changes would they like to see?
- Who are the producers who do not sell at the market? Why not?
- What are the sales and revenue trends for the market as a whole and per vendor (if that information is available)? Are sales and revenues growing? Shrinking? At what rate?



### Decide What Else You Need to Know

Your informal assessment and the anecdotal data available to you may point to some themes that you can follow up with further research. For example, your initial impressions of the answers to the questions:

- Why do your customers shop at the market?
- What do they like and what changes would they like to see?

may lead to some categories that require further exploration through research. Early information may suggest that you should investigate customers' interest in new products—if your market does not offer eggs and dairy products, for example, is there a strong interest in such products among your current customers? Or you may want to learn customers' and noncustomers' impressions of the market's offerings, the safety of the neighborhood, accessibility by public transportation, or availability of parking nearby.

### Collect Data

Collecting data involves deciding what methods of data collection to use (surveys, focus groups, etc.), designing the tools that will be used to collect the information, and administering any surveys or interviews.

Working with the first example provided, if you wanted to investigate customers' interest in new products, you could choose to do so through surveys, focus groups, or interviews. To get ideas for new products, you could post a suggestion box or conduct focus groups—both methods lend themselves to creative responses. If you already have an idea of the types of new products you would like to offer (e.g., eggs and dairy in the preceding example), then getting an accurate picture of demand for a product is more important than generating a number of ideas. In that case, you would probably choose to assess customer demand through a survey, which can be easily administered to a large number of people and does not need make much allowance for individualized responses.

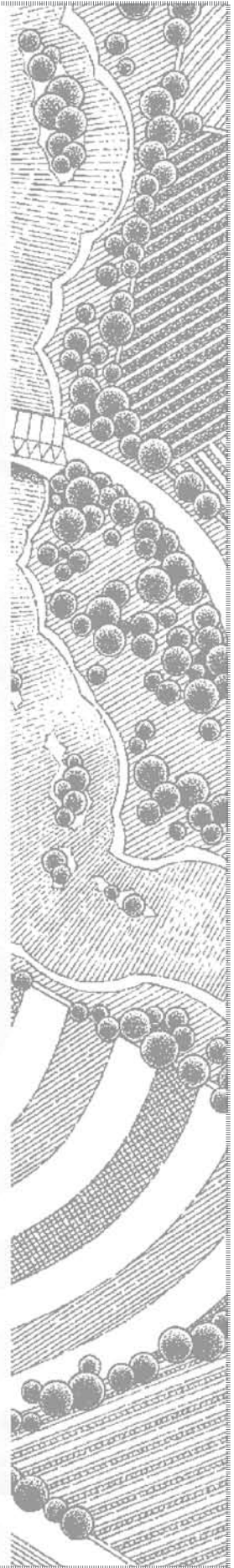
Under the second example, where the goal is to learn about customers' impressions of the market, you could conduct several focus groups to find out general themes in customers' and the public's impressions of the market and factors that affect whether they shop there. Once you have an idea of the factors involved, you could gather more data by surveying a larger group or may find that you got all the information you needed from the focus groups.

### Interpret Your Data and Reach Conclusions

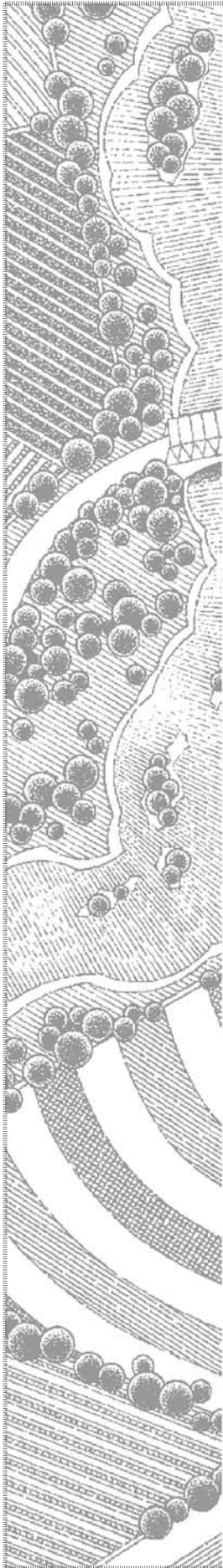
There are a number of ways to interpret data. Survey and interview data are generally interpreted with different methods—with surveys you usually analyze numbers; for interviews you analyze words—but the analyses are similar. When you analyze data, you are looking for two kinds of information:

- What is the trend? That is, what do most people think or feel?
- What is the range? That is, what is the full continuum of preferences and opinions?

An analysis of trends tells you what actions to take to please most of the customers you want to serve, whereas an analysis that includes the full spectrum is more likely to generate unusual, potentially very successful ideas. Use the following table to summarize your findings. In Chapter Six, you will be prompted to apply results to develop goals and priorities for your market.



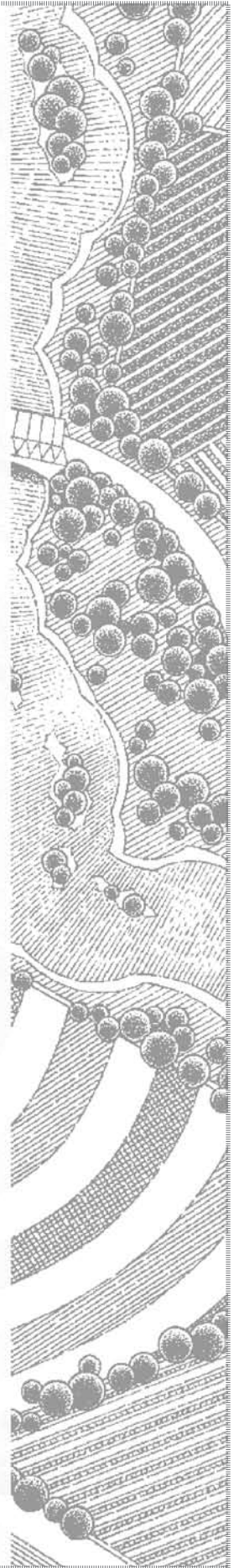




Indicator	What did you learn?
	<p>Strengths:</p> <p>Weaknesses:</p>
	<p>Strengths:</p> <p>Weaknesses:</p>
	<p>Strengths:</p> <p>Weaknesses:</p>
	<p>Strengths:</p> <p>Weaknesses:</p>

### Conclusion

In the first cycle of research, evaluation, and action, you may choose to limit your activities to factors within the market itself. As you become more familiar and skillful with research and strategic marketing, you can extend your activities to include assessment of your competition and positioning of your market to better compete with supermarkets, club stores, and other competitors. The next chapter will address issues of assessing your competition and positioning your market, and Chapter Six will help you to set goals and priorities for growing your market.



## Assessing the Competition

**F**armers markets nationwide have been under pressure from economic restructuring. Many of today's largest and most successful farmers markets have grown from humble beginnings and have been able to effectively compete with alternative food outlets by offering customers quality products, customer service,

**This chapter will enable you to:**

- ▶ **Assess your competition.**
- ▶ **Identify your major competitors.**
- ▶ **Determine how you compete.**
- ▶ **Compare your market to your competitors.**

contact with growers, and locally grown produce from small-scale farmers. When you begin to grow your market, you may start with internal factors. Analyzing the competition may not be part of your first round of strategic marketing, but strategic marketing is an ongoing process. Once you have developed some familiarity and skill with the process, you probably will want to extend your activities to include analysis of the competition and positioning or repositioning of your market to compete more effectively.

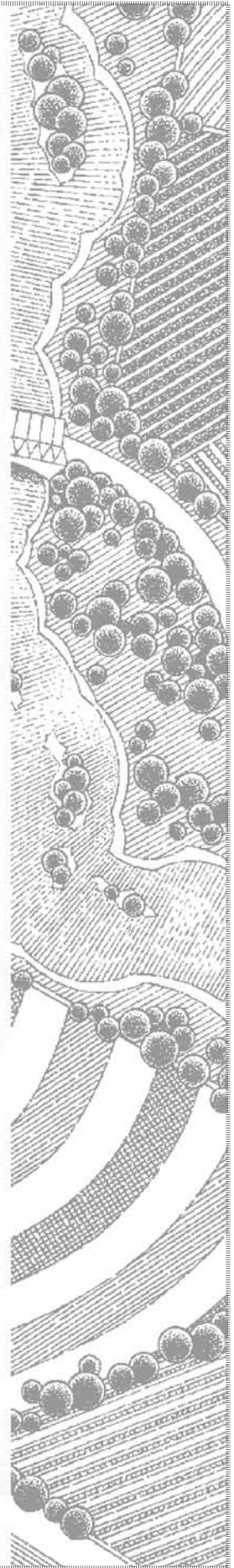
### Supermarkets as Competitors

Almost every farmers market competes with supermarkets for customers. Although they may not offer the same variety of fresh produce as a farmers markets, supermarkets offer convenient hours, convenient locations from home and work, adequate parking, store promotions, relatively low prices, and a consistent and dependable supply of produce. Disadvantages of supermarkets are that food may be transported hundreds of miles to warehouses and distribution centers and then to supermarkets. Varieties of fruits and vegetables are often selected for their ability to withstand transportation to distant markets rather than for taste. To keep them in good condition over the course of long trips, the foods undergo various levels of processing and then are packaged and preserved. So farmers markets may have an advantage in offering fresh, local, great-tasting fruits and vegetables. However, these factors only function to the advantage of farmers markets if they are known to consumers. Consumers who are not aware of the flavor and quality they can expect from their produce or of the effects of transportation and storage on supermarket produce may be satisfied with their supermarket purchases. Furthermore, many supermarket franchises are becoming increasingly aware of consumers' desires, see farmers markets as competition, and now offer a greater variety and selection of produce in addition to an enhanced shopping ambience. To respond to this competitive

## Growing Your Farmers Market

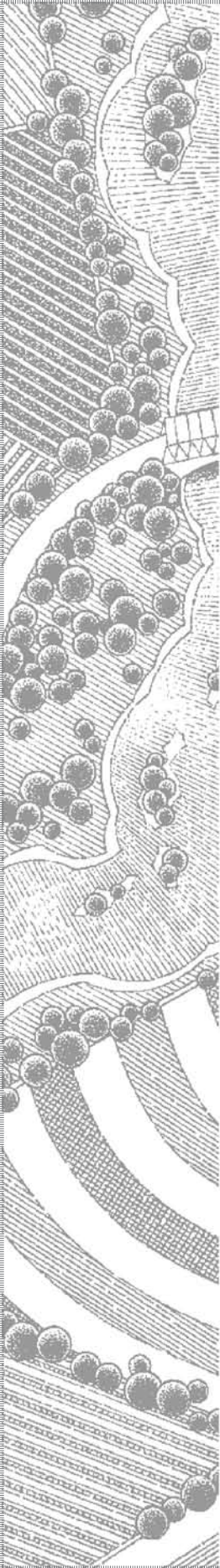
advantage, farmers market managers must address factors that make the supermarket a desirable outlet to customers compared to farmers markets.

New York's Greenmarket is a good example of the development of a successful competitive strategy. Greenmarket is a collection of forty-two farmers markets in Manhattan, Brooklyn, Queens, the Bronx, and Staten Island. In the peak summer season, more than 250,000 customers frequent the markets each week to buy the products of more than 175 regional growers who produce fruit, vegetables, fish, meat, eggs, dairy products, honey, maple syrup, plants, and other foods. Greenmarket was started in 1976 at Union Square Park in the heart of Manhattan's Greenwich Village. Surrounded by cafes, restaurants, grocery stores, street vendors, and other retail operations, Greenmarket is one of the most successful farmers markets in the nation. Big city life limits residents' ability to obtain high-quality, reasonably priced products. Market managers could see early on that there was a very real need for alternative access to food products. Greenmarket filled this need by offering residents a moderately priced, high-quality alternative to the expensive supermarkets and restaurants in the Manhattan area. Greenmarket farmers markets have become so successful that many businesses have tried to replicate their cross-city expansion, utilizing options such as weekly street fairs and corporate-owned roadside vendors that employ immigrant cashiers to push wooden carts around so they "look the part." Greenmarket has been extremely successful in continuously identifying opportunities to market fresh produce in nontraditional ways, thus enhancing visibility and increasing competitiveness. Other markets have improved their position relative to competitors by diversifying their product lines and broadening the range of farm-based value-added products they offer to include such items as cheese, olive oil, soap, honey, pastured meat, and more.



### Look at Your Major Competitors

Identifying your competition is not as straightforward as it may appear since competitors may not always be obvious. Readily identifiable competitors are other farmers markets and nearby supermarkets. Other competitors include home-delivery operations (The Box, Urban Organic), specialty stores (Trader Joe's, Whole Foods), small grocery suppliers (corner markets), and roadside vendors.



List your top three competitors.

- 1.
- 2.
- 3.

Now you need to analyze these competitors thoroughly. Start by doing in-depth research on each competitor using the competitive strategy worksheet on the following page and these steps:

**First:** If the competitor has a website, review it for information about the company's mission statement, product offerings, management team, and financial statements. If the competitor does not have a website, get as of its much promotional material as possible.

**Second:** Search through newspaper and magazine articles at the library and on the internet. Find out what kind of a presence they have carved out for themselves.

**Third:** Visit each competitor's store location. Look at comparable products, prices, variety, and visual displays. Notice the atmosphere, lighting, and customer service. You may want to buy some of their products to get a feel for the entire buying experience. Ask questions and take notes (take the worksheet along with you and fill it in as you go).

*Stop and think . . .*

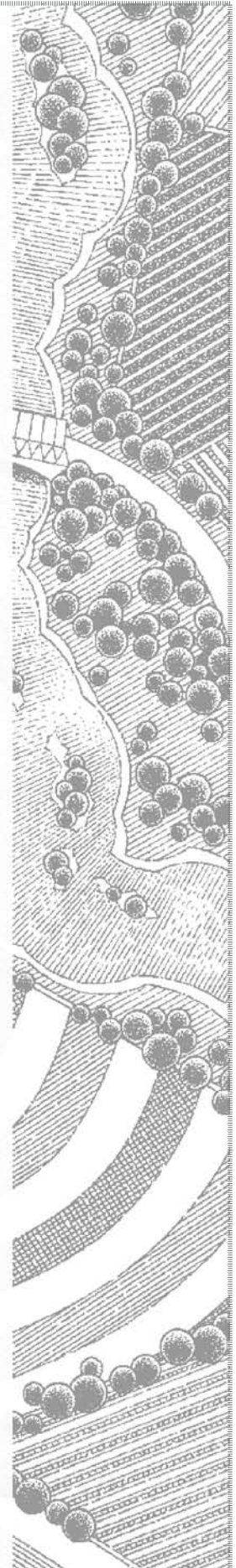
If you were to create a mental map of your competitive placement, where would you fall relative to your competitors?

Use the worksheets on the following pages to develop a mental map of where your market is located among your competitors.

### Competitive Strategy Worksheet: Customer Preferences

Rank and assign points for your market and each competitor using a ten-point scale in which one is the lowest rating possible and ten is the highest rating possible.

Feature	Your Market	Competitor 1	Competitor 2	Competitor 3
Produce Variety				
Produce Selection				
Specialty Products				
Purchase Prices				
Quality				
Customer Service				
Location				
Convenience				
Atmosphere/Ambience				
Shopping Experience				
Other:				
Other:				
Other:				
<b>Total Points</b>				
Notes:				





## Conduct a SWOT Analysis

Now you can develop a SWOT analysis. This matrix defines the Strengths, Weaknesses, Opportunities, and Threats for you and your competitors. This will serve as a foundation for building a competitive advantage. The strengths and weaknesses help to identify your internal environment, such as organization, vendors, image, experience, operational efficiency, financial resources, and market awareness of your brand. Opportunities and threats from the external environment can involve many factors, including customer preferences, market trends, technologies, residential patterns, social changes, economic environment, and the political environment.

**Strengths** are your farmers market's capabilities and resources that can be used as a basis for developing a competitive advantage. Examples of this include a good reputation with customers, access to top-quality produce, and strong brand awareness and perceptions.

**Weaknesses** are areas where improvement is necessary. Examples of these include weak brand awareness, a bad reputation, and a high cost structure. Certain elements may be considered strengths as well as weaknesses. For instance, say that you have a great location for your farmers market. It is easily accessible to walking customers but has no available parking and therefore is not easily accessible for customers who drive. In this case, location is both a strength and a weakness.

**Opportunities** for growth and profit in the external environment can be revealed through this process. Examples include filling a need for food access or entering a location where no other comparable grocery markets currently exist.

**Threats** to your success can come from unpredictable changes in the external environment, so contingency planning is warranted. Examples of such threats include new farming regulations that increase production costs and therefore prices or shifts in consumer tastes and behavior. For instance, in recent years, low-carbohydrate diets have become increasingly popular. Most of these diets suggest decreasing consumption of fruit and vegetables that are considered to be high in sugar and carbohydrates. This trend could dramatically affect your vendors and the desirability of your market.

## Positioning Your Market

The primary elements of positioning are quality, service, packaging, pricing, and your overall image. How you attend to these elements helps to define your posi-

## Growing Your Farmers Market



tion in the larger marketplace and further determines how effective your marketing efforts can be in attracting the type and volume of customers you desire. It is crucial to keep the vision and mission of your market in focus as you position your market; otherwise, you may find your attention consumed by practices that improve the market's position relative to its competition but also result in the unexpected loss of the market's former identity.

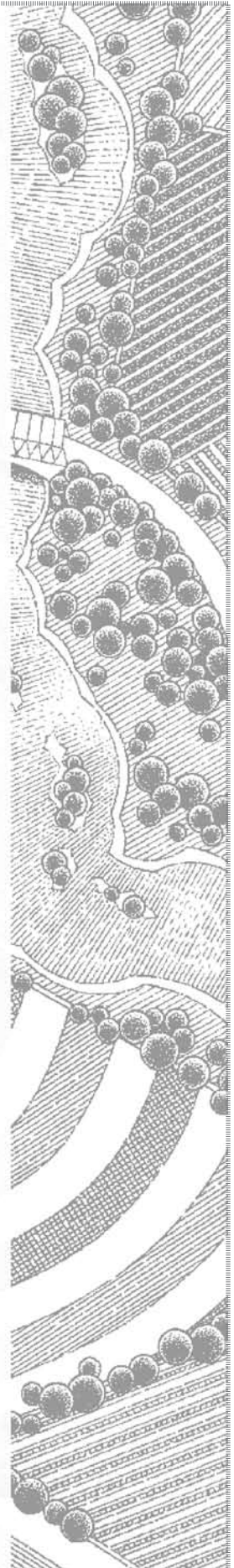
When considering quality, look at the level of value you want to provide to your customers. What controls are in place to assure consistency? Do you back your quality claim with customer-friendly guarantees or return policies? Issues of quality are further discussed in Chapter Ten.

When considering service, look at the added value of customer support that you can offer potential customers. Are there products available through your farmers market that can be customized? Issues of customer support are further addressed in Chapter Eight.

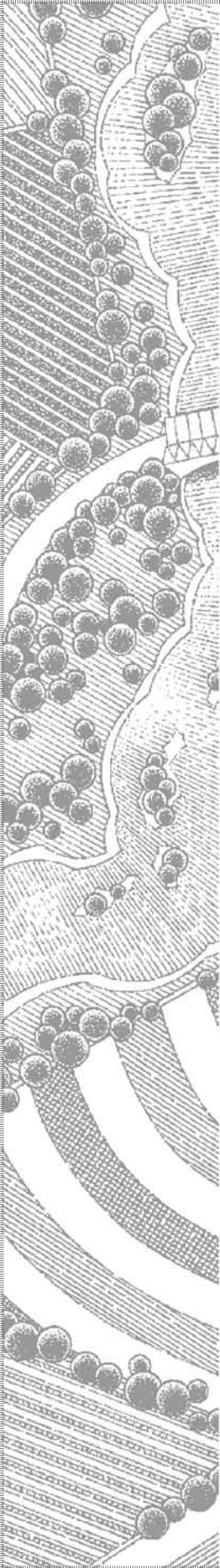
Packaging in a farmers market context refers to your logo and attributes associated with the market itself.

When considering pricing, research your local competitors and determine what types of items you offer that are similar and different. Fresh produce is generally regarded as a necessity. If the local grocery outlet offers a wide variety of vegetables, you may want to lower the price of some of your market's products to attract customers. On the other hand, you may decide to go after a more up-scale market, thereby charging higher prices while providing high quality and a more aesthetically pleasing atmosphere as part of your bundle of service offerings. Farmers markets can include products such as wine and fine edibles that are considered luxury items. If included, these luxury items should reflect the expectations of area customers regarding price and quality.

An example of market "repositioning" that is based on analysis of and adaptation to changing market forces is exemplified by the Berkeley Bowl Marketplace in Berkeley, California. Berkeley Bowl has been in operation since 1977 in the southern part of the city. Originally, it was located in a less affluent part of town in a building that for years had been occupied by a bowling alley. It catered mostly to students and other local, low-income residents. The site was a large, cold, dark warehouse with







broken concrete floors and makeshift fruit and produce stands and bulk food containers. The market carried a wide variety of good-quality produce that was never washed but was always very inexpensive. By 1999, the technology boom had taken the area by storm and this neighborhood in particular quickly gentrified. Berkeley Bowl decided to reposition itself to remain competitive in the changing marketplace. So it moved up the street into an upscale building that a famous architect redesigned for the market. The market now carries a full range of natural and conventional groceries, an extensive selection of bulk foods, an Asian food section, some household items, health and beauty specialty products, wine and beer, and a meat and seafood department, along with a gourmet cafe. The market is now defined as a full-service grocery retailer and caters to a more affluent, “hip” groups of consumers.

### Conclusion

This chapter addressed issues of the positioning of your market in relation to its competition. While it may not be a component of your first round of strategic marketing, at some point your efforts should include an analysis of your competition and awareness of your position in the marketplace as a whole. This may be the aspect of strategic marketing that poses the greatest threat to remaining true to your market’s vision and mission. As you consider the position of your market, keep its vision and mission in mind so that your efforts to compete successfully do not lead you astray from your core purpose. But, as the Berkeley Bowl example demonstrates, you can adapt your position, vision, and mission in response to changing circumstances, thus generating new opportunities.

Growing Your Farmers Market



## Making Your Marketing Plan

**N**ow that you have collected and evaluated information about your market's performance, this chapter gives you a place to apply that information to create a strategic marketing plan.

**This chapter will enable you to:**

- ▶ **Be aware of a variety of marketing strategies.**
- ▶ **Fill in the elements of a strategic marketing plan.**
- ▶ **Define your marketing goals.**

### An Overview of Marketing Strategies

Your evaluation of your market's strengths and weaknesses, and possibly of its competitive position, has probably led you to some ideas about what you need to change. As you read through the marketing strategies discussed here, think about how they can be used to build on your market's strengths and mitigate its weaknesses. After an overview of marketing strategies, there is another version of the same basic format we have been using throughout this guide—in this chapter, you are prompted to choose strategies to address priority issues for your market. This is a basic marketing plan.

Following is a brief overview of each strategy. Strategies are discussed in more detail in subsequent chapters.

### Improving Your Product Mix and Developing New Products

Are your customers finding the variety of products they expect? Are you offering all the types of products customers seek from your market? Consider adding new products or product lines if they are in keeping with your mission—dairy products, meat, poultry, fish, eggs, honey, juices, jams and jellies, sauces, and other value-added products. Also consider whether to offer more organic or otherwise sustainably produced items.



### Improving Market Features and Design

Is the market arranged conveniently and attractively? Look back at the market walk-through evaluation in Chapter Four and note whether improvements are needed. If so, making those changes can be part of your marketing strategy.

### Location and Schedule

Is the market in the most attractive and convenient location possible? Have you made any improvements to the atmosphere and attractiveness of the site? Are the hours convenient for the customers you want to attract? If changes need to be made, then they are also part of your marketing strategies.



### Customer Service and Relations

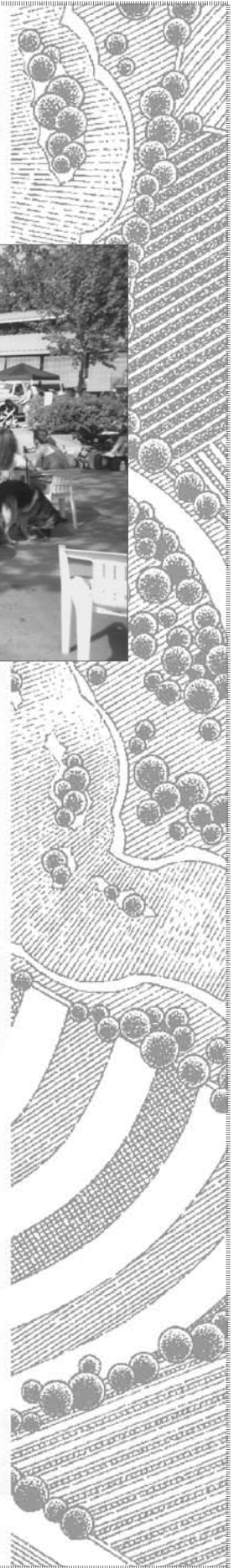
Customer service includes all the services provided by vendors and volunteers throughout the market. Can each vendor process credit or debit card sales or EBT cards or is there a central place in the market where customers can easily access such services? When there is a complaint, is there an established procedure for handling it so that the customer feels that the market is responsive to his or her needs?

### Value

Value includes quality, convenience, and pricing. Quality assurance measures can include developing a common definition of quality, instituting procedures for sampling the quality of products offered at your market, and adhering to good food-safety practices. Pricing methods vary, but quality means products are priced at a level customers expect, can afford, and are willing to pay.

### Promotions

Promotions can include a frequent shopper card or reward once the customer has spent a certain amount or coupons given when a purchase is made. Promotions can reward current customers for bringing a new customer to the market, build customers' awareness of the market, and bring in new customers.





### Special Events

Special events can entice current customers to spend more, as well as attract new customers to the market. Tastings and contests can draw in customers and attract publicity to the market.

### Advertising

From low-cost to expensive, from broadly appealing to narrowly targeted, paid advertising can increase the number of customers at the market. But advertising tends to be costly so your choice of advertising media must be based on a careful evaluation of their cost-effectiveness compared to other marketing strategies to grow your market.

### Publicity

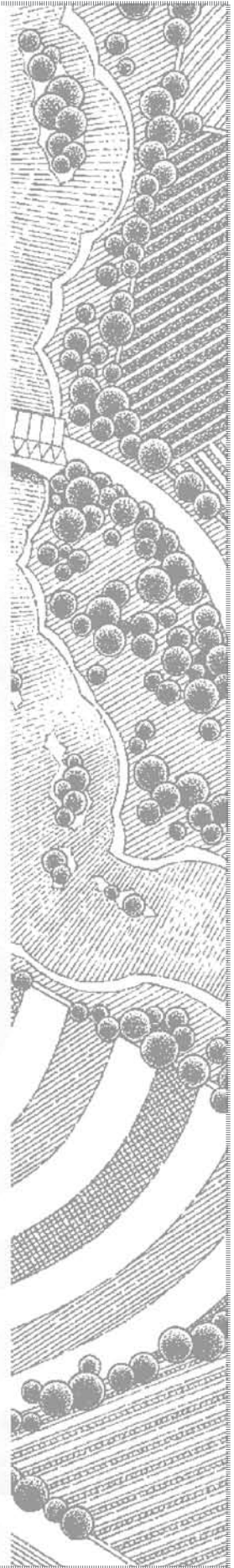
Promotions and special events often generate publicity, but obtaining the maximum effect requires some public relations and media work on the part of the farmers market's management before and after the event. Again, you need to assess your capacity in terms of cash outlay, volunteers, staff time, collaborative possibilities, and opportunity costs.

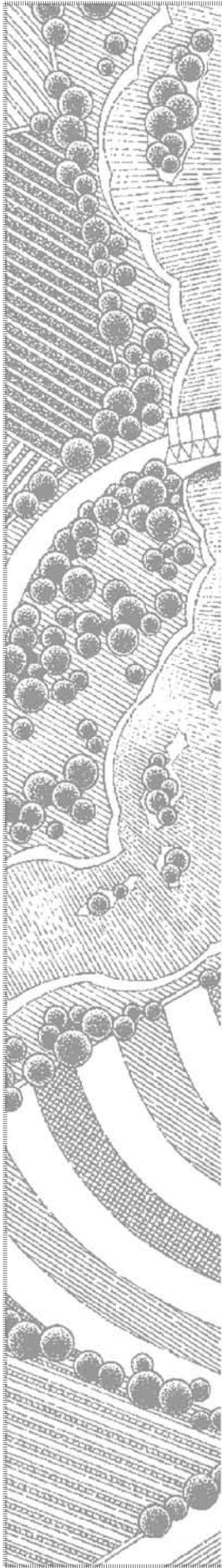
### Develop Goals and Strategies for Your Market

With the preceding overview of marketing strategies in mind, complete the following table. Work with the board of directors to finalize the strategic marketing plan. As part of developing the marketing plan, create a *timeline* and *milestones*. **Assign responsibilities** to specific individuals or groups and decide how you will evaluate completion and success.

Indicator	What needs to change?	What strategies can bring about the needed changes?

Decide on priorities by choosing several strategies that you have the capacity to implement and that you expect to make a significant difference in the success of your market. Put an asterisk (\*) next to the strategies you will implement first. This is the basic outline of your strategic marketing plan. Use the outline to develop a more complete marketing plan.

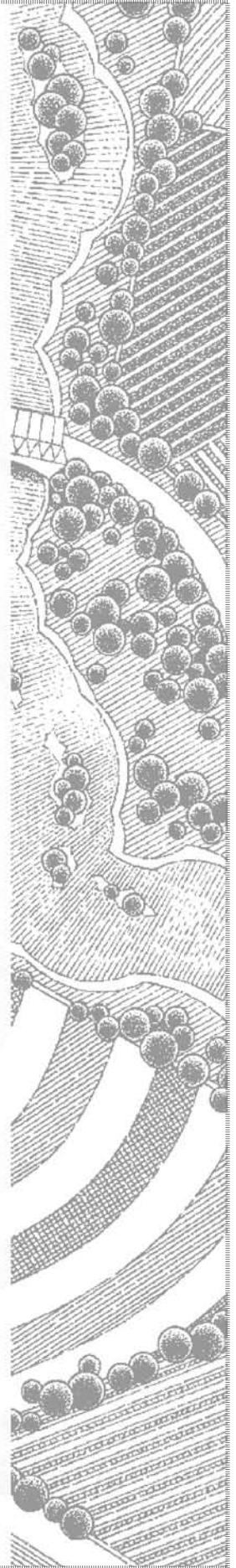




<b>Goal/Activities</b>	<b>Person / People Responsible</b>	<b>Timeline / Milestones</b>	<b>How will you know you have succeeded?</b>

## Conclusion

The next chapters address marketing strategies in more detail so that you can effectively implement strategies that will attract your target customers and help you achieve your market's goals.





# Advertising, Promotions, and Publicity

This chapter will enable you to:

- ▶ Distinguish between advertising, promotions, and publicity.
- ▶ Choose and develop the activities with the most potential to attract the new customers you seek while remaining within your market's budget constraints.

One of the major ways of increasing revenue is to bring new customers to the market. In the preceding chapters, you defined the type of customer you want to attract to the market. Your advertising, promotion, and publicity efforts should appeal to those customers.

## Advertising

Advertising can be defined as communication intended to raise awareness of the market, increase attendance, and/or influence purchasing. Farmers markets can advertise through a variety of media—from newspapers, radio, and television to bulletin boards and websites.

Tailor your advertising message to the audience you intend to reach. Use the goals you set in Chapter Six to guide your advertising efforts. If you want to reach more families, consider what you have learned about why they do or do not

shop at your market. What is important to this group of potential customers? What does your market have to offer? Create messages that communicate the ways your market can serve this group of customers and how your market is different and better than any competitor that also serves this group.

## Methods of Advertising

### Newspapers

Your local daily newspaper is one place to advertise but there are others as well, including free classifieds, neighborhood papers, free local weeklies, and grocery store circulars. Ask for nonprofit advertising rates and one-paid/one-free if you are purchasing a substantial number of ads.

Inserts into the paper are relatively inexpensive but should be printed on colorful paper to attract attention.

Ask the media outlet to sponsor the market. In exchange for publicizing the market in their paper, the name of the paper can be listed as a major sponsor on the

## Growing Your Farmers Market

market's poster. In Astoria, Oregon, Hipfish, a monthly cultural publication, provided the poster layout for the market and a significant ad for several months in return for listing as a major sponsor on the market poster. Both the paper and the market gained valuable publicity and reinforced the image of the other.

A special rate may be available if you take out a classified ad for an entire season, altering the ad each week to highlight new fruits and vegetables coming into season.

- ▣ "We spend \$160 each week on advertising in local, well-read newspapers and 40 percent of our customers come because of an ad in the paper."  
– Joanne Neft, Former Manager, Foothill Farmer's Market Association, Auburn, California
- ▣ "Since it is expensive to advertise in major city papers, we advertise to target the organic shopper. Puget Sound has a large network of natural grocery stores and we advertise in their newsletter and also in weekly alternative papers that tend to be read because they have a more sophisticated food shopper."  
– Chris Curtis, University District Farmer's Market, Seattle, Washington

### Radio – Local Public and Commercial Stations

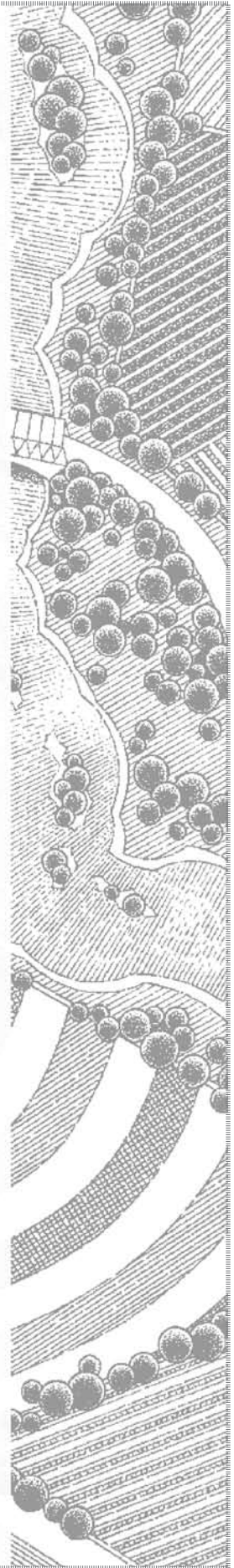
- ▣ "We do a market report on a local radio station each Saturday morning at nine. We tell people what is at the market that day."  
– Karl F. Schaefer, Manager, Chapel Hill-Carrboro Farmer's Market, North Carolina
- ▣ "Radio is the best media for special events or sales but keep your message simple. Use the best stations available that cater to your audience. Purchase the best times available. The ads cost more but for a good reason. They are reaching more listeners . . . Do not confuse listeners by listing your entire schedule. They won't remember it anyway."  
– Dan Haakenson, The Small Commercial Grower

### Flyers and Handouts

Include coupons on a flyer to make it more eye-catching and attractive. People may be more likely to make their first trip to the market if they receive a discount. The coupon could be for two dollars off a purchase or for a free apple or melon. When customers come to the market to redeem their coupons, they are likely to buy other items as well.

### Posters and Post-ups

Posters are not for conveying information, which is better delivered by a brochure. Posters are designed to catch the eye, get people interested in the market, and let them know where it is located and when it is open.



- When the Santa Monica Market started in 1981, it spent \$4,000 on a thousand eleven-by-seventeen-inch four-color posters. The poster was sharp and professional and most were posted in local businesses. The last 400 were reserved to sell at the market and recouped more than half the expense of printing the poster. The high-quality poster reinforced the high-quality image the market was working to establish and Santa Monica quickly became one of the top markets in the U.S.
- Other markets do not have the resources with which to create a flashy poster and instead work with the local printers. When a market started in Astoria, Oregon, in 2000, a local printer donated a free ink color for the poster and the market organizers developed an attractive, red-on-yellow eleven-by-seventeen-inch poster for only fifteen cents per copy. They placed matching flyers next to retail cash registers in the area to reinforce the poster and established an identity for the market on a very small budget.



### Postcards

Postcards can be passed out and mailed to supporters and the community at large.

- Every year the Camden Farmers Market in Maine begins the season by mailing a “Welcome Back” postcard to a mailing list of customers compiled from all the market’s members.

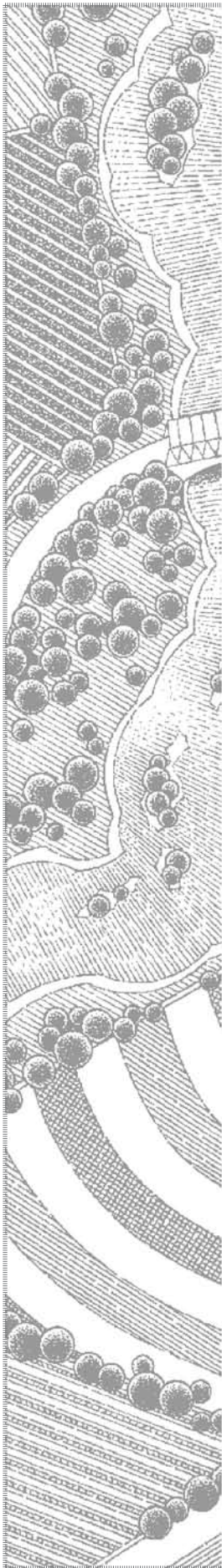
### Mailings

Local civic organizations like the chamber of commerce, the Lions’ Club, and Rotary may be willing to mail a flyer or brochure about the market with their monthly newsletters. Budget to pay for the cost of producing the flyer and the extra postage required to send it in their mailing.

Word-of-mouth advertising can be promoted through “Tell a Friend” mailings. Market shoppers can write the name and address of a friend on this special market mailing and the manager then adds the postage and sends it out.

### Merchandise with the Market Logo

Merchandise displaying the market logo—pint glasses, t-shirts, aprons, cloth shopping bags, hats, buttons, bookmarks, and bumper stickers—can be used by staff and sold at the market and elsewhere.



## Growing Your Farmers Market

### Signs

Signs include billboards, banners, and sandwich boards that direct people to the market as well as permanent signs that remain at the market site.

Sandwich boards announce that the market is open, communicate that it is a fun place, and direct traffic there. Include the market's logo, street address, and hours of operation plus directional arrows to help customers find the market.

Highway signs let drivers know that there is a market nearby. Local legislators can work with your state's Department of Transportation to place signs on nearby highways. In St. Louis, the Soulard Market paid less than \$4,000 for ten-year sign placement that included maintenance.



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### Restaurants

Restaurants that use produce from the market can display the market's logo on their menus and other signs.

### Brochures

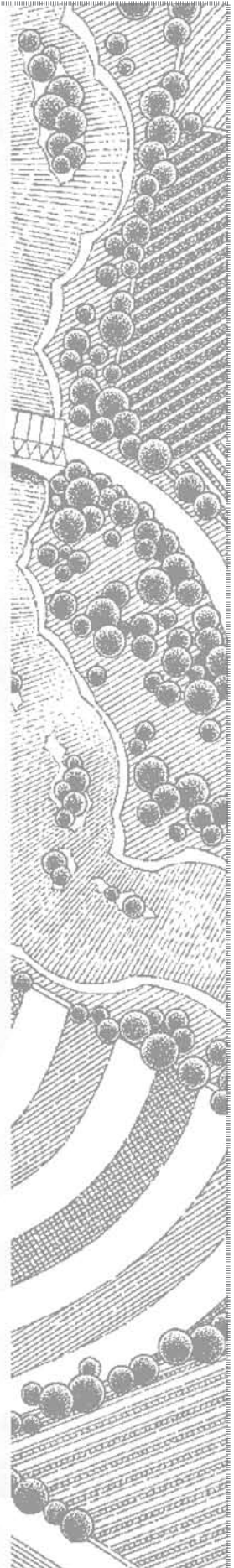
Offer information for customers at the market's information table that tells the story of the market, something about the vendors, when products are in season, and the times and locations of the area's markets and include the market's logo.

- "We developed a 'Friends of the Market' map. It identifies libraries, schools, phone booths, parks, and—for a fee—merchant sites posted on the map. We distributed 5,000 of the maps and had twenty-four ads on the first map at \$35 each. Be sure to have the merchants proofread the map to be sure their locations are correctly identified. List town events as well as the market's yearly activities on the back of the map. Since the maps can be used as restaurant placemats, they were distributed free to restaurants that were glad to put them on the tables for a captive audience!"

– Grace Richards, Arlington Farmer's Market, Washington

### Community Bulletin Boards

Bulletin boards can be found at the grocery store, places of worship, health clubs, schools and universities, parks, and apartment buildings. Some market managers find that a grassroots approach to advertising, which reaches customers more directly (including direct mail and flyers) is more effective than the traditional media route of newspaper ads.



- “We have been utilizing flyers, direct mail pieces, and less standard media advertising such as print ads. Market managers are trying to reach the customer directly, like doing direct mailings or putting flyers, brochures, and posters on community bulletin boards and literature tables at churches or other community outlets. This seems to be most effective. Traditional advertising has not had the response that the managers would like for the dollars spent.”

– Jeff Cole, Massachusetts Federation of Farmer’s Markets

### Television

Since people sometimes mute television advertisements, follow the visuals with the market’s logo, location, and hours of operation in print on the screen. Rates vary widely depending on television ratings, whether the camera crew is unionized, and how the station responds to your request. You may have to pay for editing, voiceovers, scripting, and other costs of production. Advertising costs less on cable television but that is because many cable viewers continually flip through the channels and the station cannot guarantee a numbers for viewers.

- “Television provides spectacular visual impact because of the sharp contrast between the colors of fresh vegetables. We use television to increase the customer base late in the season. Purchase the best times on your best station. It works. Cost: One thirty-second spot on the ten o’clock news cost us \$95. Other decent times were about \$50 each.”

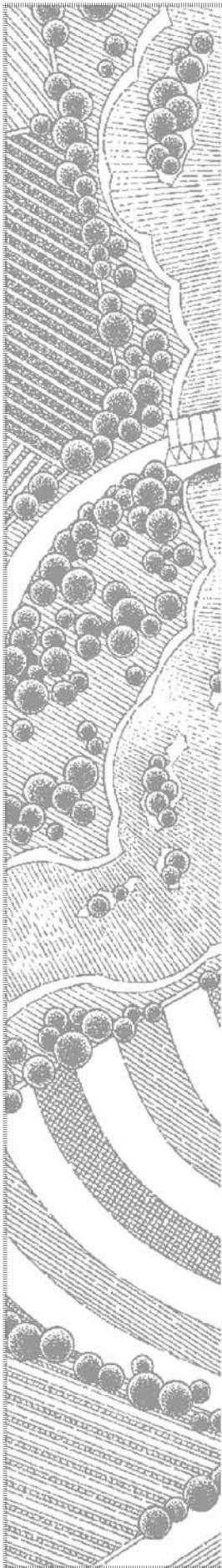
– Dan Haakenson, *The Small Commercial Grower*

- “Most of the association’s advertising dollars are going into television ads. Television just seems to have the greatest reach; it has more ‘eyes.’ Advertisements are placed on local stations and mainly in the news slots, such as the six a.m. morning news, as well as a few women-oriented programs during the day. Ads are run two weeks on and two weeks off to maximize dollars. It costs \$250 per commercial for a prime time six p.m. spot, but it is worth it! People watch the news, and they know our commercials. Many markets would probably balk at spending \$250 for a thirty-second ad, but we found it works. You can spend \$250 on a newspaper ad and not see any difference in the market.”

– Mark Sheridan, *Santa Barbara Farmers Market Association, California*

### Promotions and Special Events

A promotion is an event or activity organized by a farmer’s market that is usually held during the market and is designed to raise consumer awareness and attract customers. Special events add interest to a farmers market. They provide opportunities to



## Growing Your Farmers Market

diversify the market's offerings in terms of entertainment, education, and service. Special events are a way to promote the market, benefit the community, and celebrate accomplishments. A special event serves a promotional purpose when the manager uses it to generate publicity for the market through media relations, press releases, and/or advertising.

Special events include a wide variety of activities that range from low-effort, minor activities such as a weekly raffle for a basket of produce to complex, highly organized annual events such as an anniversary celebration or harvest festival.

### Some Themes for Special Events

- ▣ Anniversary
- ▣ Annual opening and closing days
- ▣ Seasonal themes
- ▣ Crop-specific themes that focus on preparing and tasting produce
- ▣ Holiday events
- ▣ Cultural events
- ▣ Benefits and fundraisers for the market or other supporting community organizations

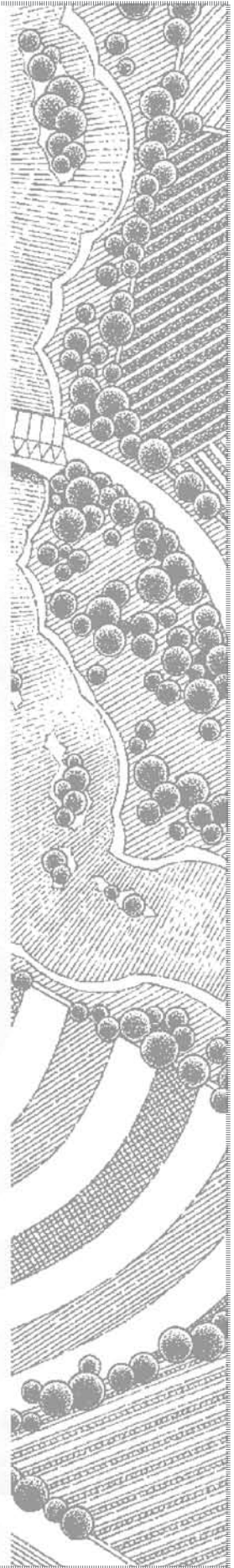


### Activities That Might Be Included in a Special Event

- ▣ Live music/dancing
- ▣ Raffles
- ▣ Contests
- ▣ Lectures or demonstrations
- ▣ Hands-on activities
- ▣ Tastings
- ▣ Information booths
- ▣ Craft sales
- ▣ Games and contests for kids

Regularly scheduled and annual events help to build customers' familiarity, which can eventually evolve into a tradition and nostalgia. Some markets, such as the Dupont Circle Freshfarm Market in Washington, D.C., managed by American Farmland Trust, offer special events that follow a monthly schedule such as:

- ▣ Chef at Market: First and third Sundays
- ▣ Market Demo: Second Sunday
- ▣ Activist Day: Third Sunday
- ▣ Kids' Activity: Fourth Sunday
- ▣ Market Tours: Last Sunday of the month



A regular schedule simplifies planning and logistics. Whether your market develops a regular event schedule or not, planning in advance helps both the market and its customers. Small-scale activities may require only a few weeks of preparation, while larger events can take months to plan. A calendar of events, actively promoted to customers and the media, can build customer and media awareness and generate both new business and publicity for the market. Publish your calendar on a market website and develop contacts with other organizations that will post links to your website or add your calendar to their sites. Send a press release and, if possible, follow up with phone calls to media contacts before special events.

Planning special events involves awareness of:

- Your budget, costs, and expenses.
- Equipment needs (e.g., sound system).
- Need for additional help and volunteers.
- Any special permits or licenses needed.
- Insurance concerns.
- Announcements and press releases.
- Crowd control.
- Clean-up.
- Any follow-up needed (e.g., equipment returns, thank-you notes, paying bills).



### Collaborating with Other Organizations on Special Events and Promotions

The potential of special events to promote the market and bring in new customers can be increased by effective collaboration with other organizations. For example, a local Slow Food organization could organize a tasting or demonstration at the market. A local school could hold a concert there or the market can serve as the backdrop for a local charitable organization's fundraising raffle. With clear communication and division of responsibilities, collaborative events can increase the number of new customers attracted to the market.

### Generating Publicity for the Market

Publicity is free media coverage that raises awareness of the farmers market and its goals and attracts more customers. The book *New Farmers Market* (by Vance Corum and Marcie Rosenzweig and published by New World Publishing, Auburn, California) suggests compiling a media list of reporters and editors who have been or are likely interested in stories and events at the market. Remember to include food editors from local and regional papers. Learn to tailor your stories for different sec-

## Growing Your Farmers Market

tions of the paper. The business page would carry a story about using the market as a vehicle for small business development while the food section would be more interested in a tomato tasting event or a cooking demonstration.

### Conclusion

Strategic marketing will always include some publicity, advertising, and promotional activities. The activities you choose should support your market's vision and mission and reach the customers you want to bring to the market. When customers come to the market, you can build loyalty through attention to positive customer relations and entice them to spend more with attention to product development and merchandising and improvements to product mix and quality. These issues are addressed in subsequent chapters.





## Building Positive Customer Relations

This chapter will enable you to:

- ▶ Be familiar with ways to maintain positive customer relations.
- ▶ Be aware of strategies for retaining current customers.

While customers appreciate freshness and quality in the produce they buy at a farmers market, it literally goes without saying that they expect a positive experience and good relations with vendors and with any staff members with whom they have contact. The presence of good customer relations practices may never be noted, but its absence will surely be noticed and will affect customer loyalty.

### Methods for Positive Customer Relations and Customer Retention

Positive relations depend on customers perceiving vendors, the market manager, and any other market staff and volunteers as respectful, fair, and friendly. Skills and training in customer service are invaluable in this respect. There are also a few ways to build customer service into the market's basic business practices.

Include procedures for dealing with complaints and disputes in the market rules. It is easier to resolve disputes between a customer and a grower or the market when market policies are already established, clearly written, and approved and understood by growers and the board of directors.

Reserve at least one seat on the board of directors for a consumer or community representative. While the market's mission may be to improve farmers' economic viability or to promote organic agriculture—in other words, customer service is not an explicit part of the market's mission—no market can thrive if it does not serve its customers and meet their needs. Including customer representation on the board contributes to the market's ability to succeed by meeting customers' needs and preferences.

Offer forums for customer feedback such as a suggestion box, comment cards, surveys, and focus groups. Besides maintaining and improving customer relations, these venues also provide data about customer preferences that you can use to improve products and services.

## Methods of Retaining Current Customers

In addition to positive customer relations, there are other ways to maintain customer loyalty. They include consistency, quality, and easy access to the market and its goods and services, as well as special services and promotions.

**Offer assistance to customers.** Consider having volunteers on hand to help carry groceries or heavy items (e.g., watermelons) to the car for elderly and disabled customers and those who have too much to carry alone. Have baskets or even wagons available so customers can manage their many purchases while at the market. If parking is far away, establish a loading zone close to the market and have volunteers hold groceries with a claim check while customers pick up their vehicles.

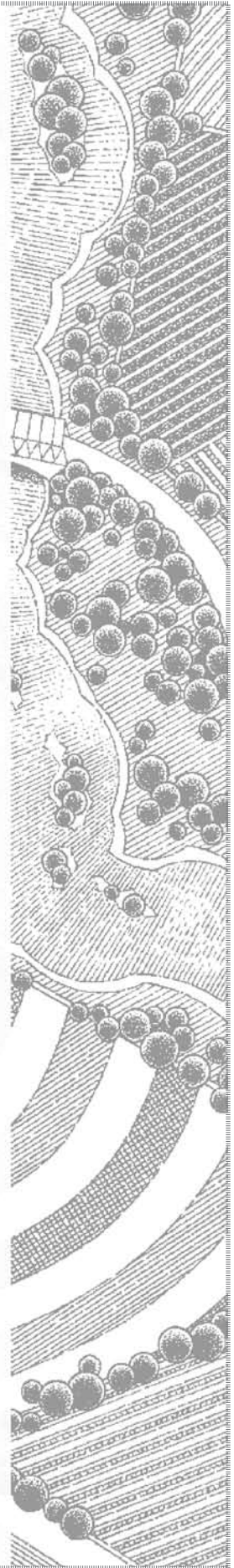
**Transportation to the market.** Organize shuttles for senior citizens and customers from outlying neighborhoods. Provide schedules for public transportation (buses, subways, light rail) with stops close to the market.

**Consistent organization of vendors.** Locate vendors in the same spot from week to week so customers always know where to find their favorite products and vendors. If the market is sizeable, make a map of the vendors' stalls that also includes each vendor's name and contact information to encourage special orders and sales outside of the market.

**Frequent shopper cards and rewards.** Vendors can punch cards or otherwise note amounts of purchases. For every \$50 or \$100 spent, a customer could earn a reward such as a market tote bag or t-shirt or \$5 off the next purchase.

**Promotions.** Raffles, tastings, music, and children's events all keep customers coming back to the market. See Chapter Eight for more on promotions.

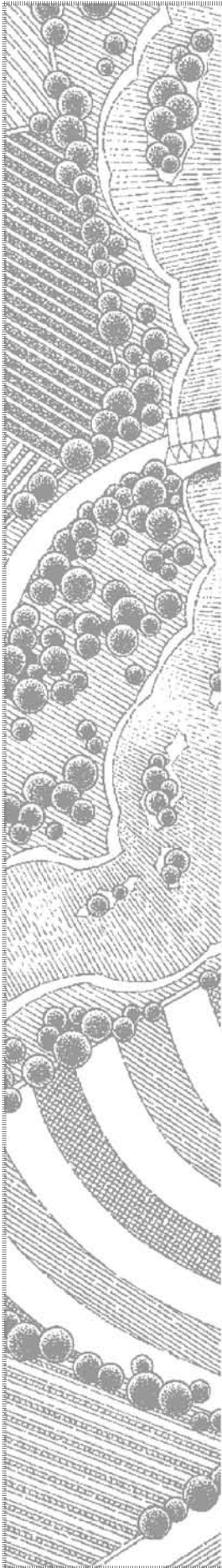
**Newsletter.** If you have the capacity, consider starting an email or mailing list and keeping core customers up to date on market news, what is in



season, and special events through a brief monthly newsletter. Invite customers to subscribe to the newsletter and give them a way to unsubscribe to an email list. Also, be sure never to give away or sell your email or mailing list without customers' permission.

### Conclusion

Basic friendliness, respect, and courtesy are the most important aspects of positive customer relations, so if there is any question that guidelines or training may be needed, those things should be a priority. Other strategies may require more staff time and energy than the market has available; if that is the case, then do not attempt to implement them. It is better to do the basics well than to attempt more energy-intensive strategies and implement them poorly. As the market grows and develops greater capacity, you may choose to implement additional customer relations strategies.





# Product Development and Merchandising

This chapter will enable you to:

- ▶ Understand the basic concepts and processes in product development and merchandising.
- ▶ Apply your understanding to strategically develop products and merchandise for your market.

Successful farmers markets evolve to keep pace with changes in consumer preferences and demographics. Basic consumer demands for quality, value, and convenience are always of paramount importance, but remaining successful also requires a dynamic approach to meeting changing demands. In some cases, the manager guides these changes by bringing in new vendors. In addition, the manager and farmers can work together or the manager can advise farmers in the development of new products and merchandising of current products.

## Product Development

Previous chapters considered the market itself as the product to be developed; in this chapter, the goods that are sold at the market are the products under consideration. The rhythms of agricultural production lend the market a natural dynamic; selection changes as various crops are in season. Beyond seasonal availability, though, product development can mean the addition of new products and adding value to existing products.

Adding new products can include:

- New product lines at the market, such as meat, dairy products, fish, or flowers.
- Expanding existing product lines by adding new varieties of fruits, vegetables, meats, cheeses, etc.
- Increasing the selection available.

Adding value to existing products can include:

- Improving on the quality, value, or convenience of existing products.
- Improving packaging, labeling, and information available to customers.
- Improving food safety and “traceability.”

The addition of prepared meals and other conveniences can come under the heading of new products or of adding value to existing products, depending on how the products are offered.

### Product Development from Concept to Market

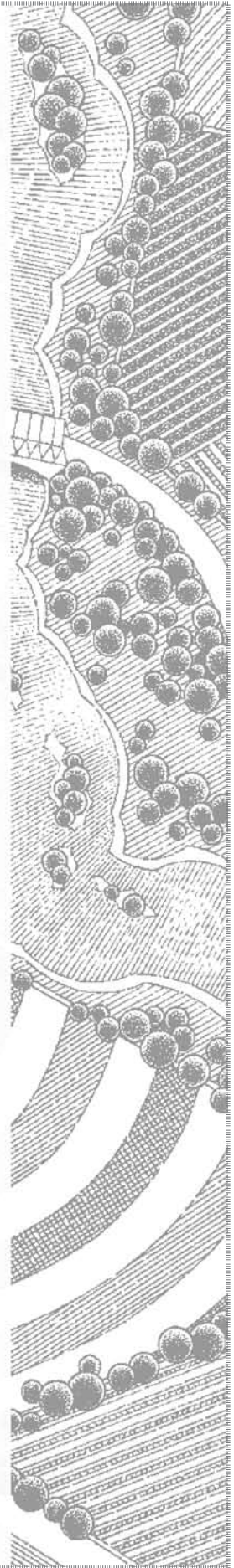
As is true of strategic marketing for the farmers market as a whole, product development begins with research and observation. The market manager and board of directors may collaborate with appropriate agencies to update vendors on the new product development and commercialization process. Once a need for a new product or improvement has been identified, the rest of the process follows the steps of brainstorming product ideas, analyzing their feasibility, developing a prototype, test-marketing, evaluating, and then expanding production or adoption of the improvement to meet consumer demand. Thus, the entire process is:

- Market research to identify a need or demand.
- Generating product ideas and improvements to meet the need.
- Establishing the feasibility of the new product or improvement.
- Developing a prototype—a small-scale experimental version that can be adjusted or replicated on a larger scale if it is successful.
- Test-marketing.
- Evaluating.
- Revising and further testing and evaluating as much as necessary.
- Expanding production or adoption of the improvement to meet consumer demand.



### Start with Research

When you consider adding new products or adding value to existing products, start with consumer research. Farmers markets provide vendors with access to unparalleled customer feedback. Small-scale farmers can use this feature of the market to great advantage by test-marketing new crops and products and by noting and responding to the emergence of trends in consumer preferences. By observing and recording the responses of different groups of customers (by age, ethnicity, and location), vendors can develop products and add value in ways that appeal to specific segments of the broad population of consumers.



Other sources of information to use in your research are:

- Other markets and venues such as supermarkets and specialty stores.
- Food, health, and lifestyle magazines and websites; food pages and columns in the newspaper; newsletters; cookbooks; trade magazines and other publications.
- Customer surveys, tasting panels, and focus groups.
- Vendor surveys.
- Chefs and other food professionals.
- Cooperative Extension agents and other agriculture professionals.
- Meetings and conferences.



### Generate Product Ideas and Analyze their Feasibility

Product ideas may emerge from your research or they may come up in brainstorming sessions with vendors. Once ideas begin to form, they can be examined to see if they are feasible or practical. Will developing a product require purchasing expensive new equipment? Learning a whole new set of skills? Meeting new permitting or other requirements? The people who will bear these responsibilities will need to decide if the new product seems likely to make the investment pay off.

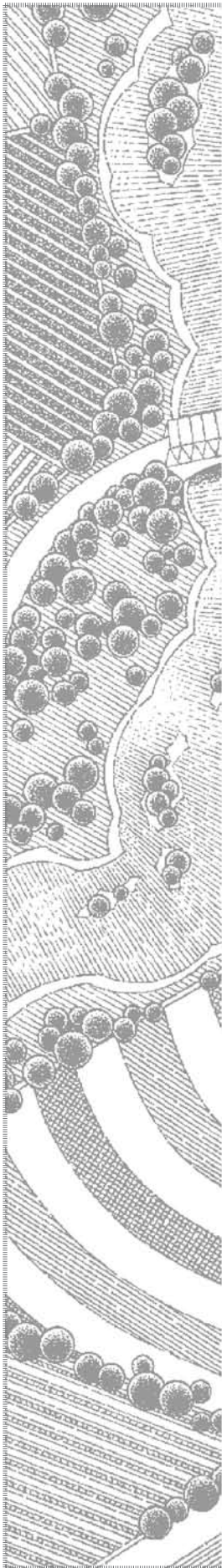
Include food-safety, packaging, and labeling considerations in your development of new products and product improvements. Packaging and labeling issues include regulations, health codes, and organic standards, as well as aesthetics and convenience, such as display tables tilted toward the customer and prewashed and bagged salad mixes.

### Develop a Prototype

New agricultural products often take several seasons to perfect, and even nonseasonal products and services may need to go through several versions before they are entirely satisfactory. Start small. Develop an experimental version of the new product or improvement, one that can be refined as needed. Keep early versions as simple as possible and try to make one change at a time based on test-marketing so you can keep track of which factors are favorable and which are not.

### Test-Market, Evaluate, and Refine

Test-market by providing samples at the farmers market and getting customers' feedback (make sure food-safety and permitting requirements are met first) or by



inviting some customers to be part of a tasting panel. If the initial reaction is favorable, test-market by selling a limited quantity of the new product and continue to ask for feedback. Keep track of sales from week to week. Try to observe who buys the product and, if possible, ask what they like about it and what might be improved. Evaluate the feedback you get, use it to make changes, one at a time, and evaluate reactions to each change you make. Systematic test-marketing and evaluation takes longer than the “shotgun approach” of making every possible refinement or improvement at once, but it is more likely to produce good results so that the finished product meets consumer demands and preferences and is economically viable.

### **Expand Production to Meet Consumer Demand**

Once you are satisfied that the new or improved product has been developed to customers’ specifications, expand production slowly to meet demand. Continue to keep track of customer feedback—tastes and preferences change and a product that is in great demand one season may fall out of favor or require modifications later.

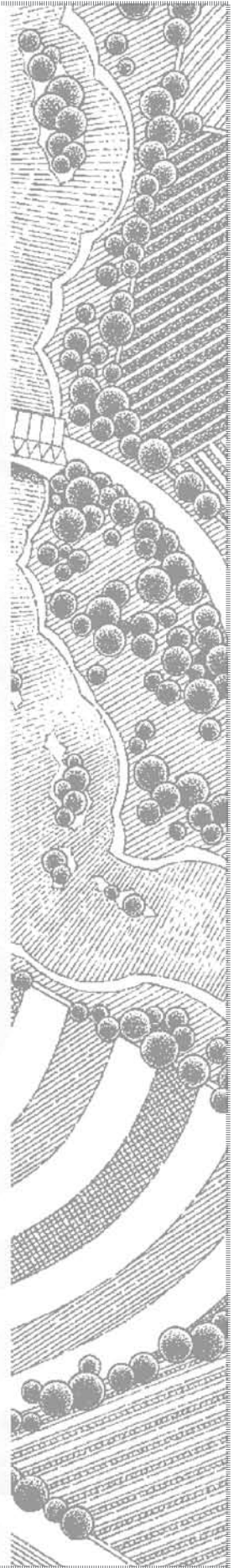
### **Product Merchandising**

Merchandising includes packaging, labeling, positioning, and price.

Vendors should be aware of any product-liability risks that could be affected by packaging or labeling. For example, ingredient lists that alert consumers with allergies to potential hazards and appropriate labels on inedible plant products intended for decoration only can reduce the risks involved with marketing some value-added products. These risks should be addressed at every step of product development and may warrant consultation with a legal professional experienced in product liability as well as relevant regulatory agencies. Also, look for short courses and workshops on merchandising and product development at trade meetings and meetings sponsored by such groups as the University of California Small Farm Program and Cooperative Extension, chambers of commerce, small business development centers, the Small Business Association, and various branches of the U.S. Department of Agriculture.

### **Conclusion**

In addition to developing and merchandising new products, farmers markets grow by constant attention to the quality of existing products. Subsequent chapters address issues of value, quality, and pricing.





# 10

## Value and Quality

This chapter will enable you to:

- ▶ Be aware of the manager's role in quality assurance.
- ▶ Provide resources for establishing a quality assurance program for your market.

Customers shop for value. Good value equates to the right mix of convenience, quality, and price. While price and quality decisions are ultimately up to each vendor, farmers market management should strive to ensure that customers are finding good value from week to week and season to season. This chapter addresses issues of quality assurance while the next is devoted to pricing.

### Each Vendor's Attention to Quality Affects the Market as a Whole

Meeting everyone's expectations all of the time is seldom possible, but some issues, such as food safety and fair pricing practices, demand consistent attention and high standards without compromise. One vendor's careless or ignorant disregard for proper food-safety practices can result in illness and

put a market's reputation at risk, hurting everyone involved and possibly resulting in damaging legal action. Likewise, a single vendor who leaves customers feeling cheated can compromise customer loyalty, adversely affecting everyone's sales and the fun atmosphere in which markets thrive.

Fortunately, there are a few simple steps to follow and numerous resources available to help ensure that the market consistently provides the highest value possible to the major-



ity of its customers. To achieve this goal, a market should establish quality standards and develop a program to monitor and evaluate its vendors' products and services. The program should contain

- Set Benchmarks
- Monitor and Evaluate
- Communicate and Educate

measures to educate vendors about maintaining and improving quality, as well as how to set fair market prices that meet their need for financial sustainability.

### Establishing a Quality Assurance Protocol

Research shows that an overwhelming majority of customers expect to find high quality and freshness at farmers markets. Meeting this expectation requires an understanding of customer preferences. Consumers of farmers market products perceive quality in many ways that depend on the type of product, how it is to be prepared, when it will be consumed, and who will be consuming it. In addition to properties such as freshness, flavor, and cosmetic appeal, quality concerns address issues such as food safety, production methods, and place of origin.

Some basic measures of produce quality for common products at a farmers market include:

#### All products

- ▣ Freshness – when harvested/prepared, postharvest handling and storage practices, etc.
- ▣ Production practices – organic, free-range, grass-fed, etc.
- ▣ Place of origin – local versus regional or out of state, label examples, etc.

#### Fruits and Vegetables

- ▣ Flavor – sweet, rich, bitter, bland, etc.
- ▣ Texture – crisp, juicy, soft, mealy, etc.
- ▣ Appearance – color, shape, blemishes, cleanliness, etc.
- ▣ Size.
- ▣ Degree of maturity – green, ripe or mature, overly ripe.

**Is it Halaal? Kosher? USDA Choice? Does it come with an Appellation d'Origine Contrôlée, guaranteeing its quality? Quality assurance efforts are as old as commerce itself.**



### Meats and Fish

- Flavor.
- Amount of fat.
- Cut – filet, boneless, etc.
- Fresh or frozen.

### Eggs

- Size and color.

### Dairy

- Flavor, texture, and fat content.



### Baked Goods

- Flavor, texture, and nutritional value.

### Preserves, Jams, and Jellies

- Flavor.
- Color.
- Texture.
- Percent fruit content.
- Amount and type of sweetener.

Every market should take an active role in quality assurance, working above and with each vendor's individual efforts. A team effort with feedback from growers, customers, and other agencies and organizations will help to establish and even exceed benchmarks for quality. Communication and education also will aid vendors in improving overall quality and in fine-tuning their products to meet customer preferences. Remember that merchandising and display also affect customer perceptions of quality.

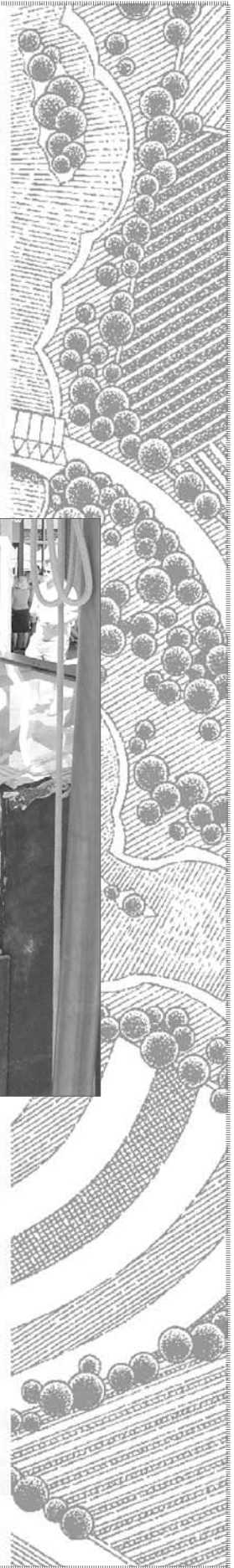
### Putting a Quality Assurance Process in Place: Six Steps toward Ensuring Quality at a Farmers Market

- Create a market quality assurance board or committee with growers, customers, restaurateurs, nutritionists, and Cooperative Extension specialists. A diverse board or committee is more likely to represent all stakeholders' interests. Learn about and include your customers' demographic perspectives on quality. Your quality board should work proactively with other agencies that

## Growing Your Farmers Market

deal with quality issues rather than waiting for problems to surface. See the following section for some examples of such agencies. Creation of a quality assurance board or committee, its relationship to the manager and board of directors, and its role in the market should be considered at the outset. Will the body be advisory only or will it have certain powers? For example, if members of a quality assurance board make recommendations that are rejected by the manager or board of directors and there are no clearly established roles and responsibilities, hard feelings may result. In such a case, the overall effect could be detrimental to the market as an organization and a quality assurance board begun with the best of intentions may have a negative impact on the market. Think through your decisions and processes for assuring high quality at the market.

- Learn what customers want through surveys, tastings, and quality-judging events. Blind taste tests can include nonlocal produce from outlets such as supermarkets.
- Write a policy that defines a set of quality characteristics in simple terms so that everyone understands what the benchmarks are.
- Sample produce yourself and talk with vendors. Learn about their production practices, seasonal effects, and other factors that influence quality. Feedback helps everyone focus on improving quality.
- Assist and support vendors with their quality-control efforts. One of the biggest challenges to quality at outdoor markets is keeping fresh produce cool throughout the day. Every effort should be made to provide shade, especially for vendors with heat-sensitive products like greens and lettuce mixes. Assign stall spaces accordingly, placing vendors of such products in areas with maximum shade, such as beneath a tree or on the north-facing side of the street. Keep a few extra spray bottles handy to lend to vendors and make sure water is available.
- Inform customers of your efforts. For example, publish taste-test results in your newsletter. Watch and listen for customer input on quality at the market and in written suggestions, comments, and letters. Help the public and press

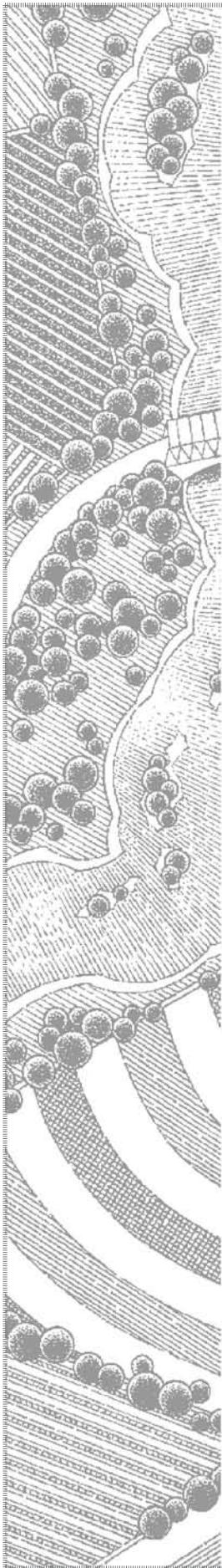


understand market quality in press releases and through education at the market. Sponsor a local chef, nutritionist, or master gardener to train customers on how to choose quality produce and how to store produce at home to prolong shelf life and protect quality and nutritional value.

### Handling Complaints

From time to time, a customer may express dissatisfaction with a vendor's product or service. The following suggestions are offered in addition to help specifically with quality-related issues:

- First, determine whether or not the customer has brought the complaint to the attention of the vendor in question. While it may be appropriate for the market manager to assist with mediation, most quality issues should be resolved directly between the customer and the vendor. Such complaints typically can be handled by a simple refund or exchange.
- Keep a written record of all complaints. This will be useful in identifying problem vendors and problem customers. Make sure all volunteers and staff members at the market are informed of the complaint policy and notify management immediately of any problems.
- When possible, discuss complaints with a vendor after the market rather than during busy periods or when other customers are present.
- If a complaint is serious (related to food safety, for example) or a vendor has generated numerous complaints, bring this to the attention of the board. You may then choose to issue a written notice to the vendor. Request that the vendor provide you with a written response detailing how he or she plans to resolve the issue.
- If a vendor refuses or is unable to resolve the matter after repeated notices, it may be necessary to consider more serious action. Make sure your bylaws cover such action, whatever it may be.
- Be aware of potentially serious complaints such as those that relate to food safety and fraud. Do not hesitate to contact appropriate authorities immediately on such matters. Delaying only increases the risks to customers as well as the liability of the manager, the vendor, and the market as a whole. Some municipalities require all merchants, including vendors at farmers markets, to carry product liability insurance. It might be worth researching this option as a risk management strategy and for peace of mind.



### External Resources for Quality Assurance

A number of organizations and agencies deal with product and service quality. Some cities have even begun to establish food policies that impact the sale of food products to city agencies and at city-sponsored events, including farmers markets. Be informed and develop a rapport with the people with whom you will be dealing on quality issues. Help vendors stay informed as well. Many of them may be selling in different cities and counties and regulations that govern food quality and safety often vary from place to place. Here is a list of organization and agencies you might contact:

#### City Government

- ▣ Local health codes
- ▣ Product liability requirements
- ▣ Food policies
- ▣ Consumer assurance agencies (see an example on the following page).
- ▣ Small business associations (to help vendors with pricing and profit/loss)

#### County

- ▣ Health department
- ▣ Agricultural commissioner
- ▣ Cooperative Extension (information for vendors on postharvest handling, food safety, and profit/loss studies)
- ▣ County marketing programs

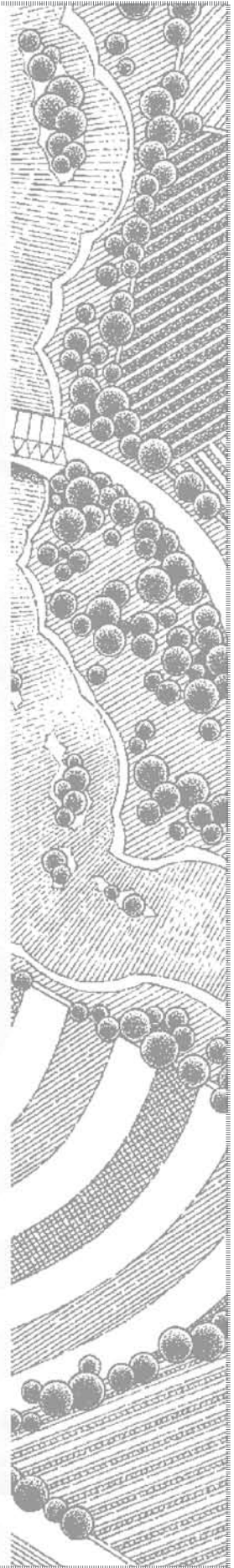
#### State

- ▣ Department of agriculture
- ▣ Marketing programs, including labels such as “Go Texan!” and “California Grown,” for example.
- ▣ Organic certification programs
- ▣ Consumer protection agencies
- ▣ State quality regulations for agricultural products

#### Federal

- ▣ The U.S. Department of Agriculture Agricultural Marketing Service (USDA-AMS)

The Agricultural Marketing Service administers programs that facilitate efficient, fair marketing of U.S. agricultural products, including food, fiber, and specialty crops. Some USDA-AMS programs, such as the one for live-stock, mandate inspection for quality control; others offer guidelines for



quality standards. Visit the agency's website at [www.ams.usda.gov](http://www.ams.usda.gov). For quality standards, visit [www.ams.usda.gov/standards](http://www.ams.usda.gov/standards).

#### ■ The National Organic Program

USDA-AMS also administers the new National Organic Program. This program affects the production, processing, and marketing of all agricultural products labeled "organic" in the U.S. For more information, visit the program website at [www.ams.usda.gov/nop](http://www.ams.usda.gov/nop) or contact:

Richard Mathews, Program Manager Telephone: 202.720.3252  
 USDA-AMS-TMP-NOP Fax: 202.205.7808  
 Room 4008-South Building email: [NOPWebmaster@usda.gov](mailto:NOPWebmaster@usda.gov)  
 1400 and Independence Avenue, SW  
 Washington, DC 20250-0020

#### Other Organizations

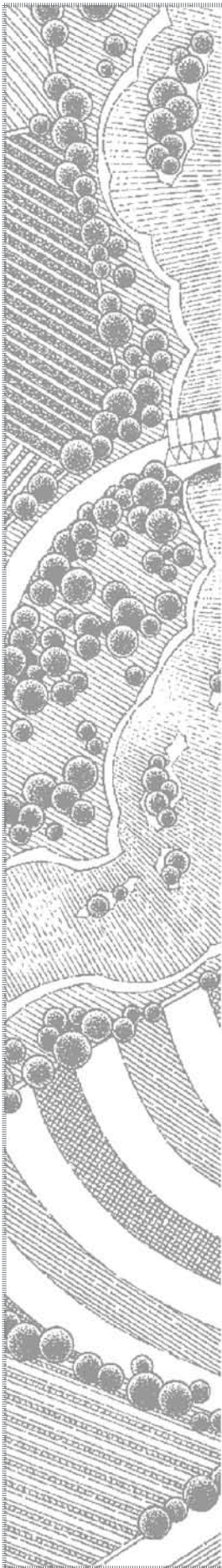
**Markets in Your Area** – A good place to start with quality and pricing questions is with other markets in your area. Visit them periodically and consult with other managers. Supermarkets, particularly those known for quality, are also worth visiting.

**Local Food Critics** – Most daily and weekly newspapers run a food section and have food editors and critics on staff. Consider contacting them regarding quality and information about what customers prefer.

**Qualifying Organizations** – There are many organizations that rate or certify food product quality. Some to consider are: Demeter (certifies "biodynamic" produce), Kosher (there about 300 Kosher certification organizations in the U.S.), Labor (United Farm Workers and other labels). Make sure vendors use proper signs and postings.

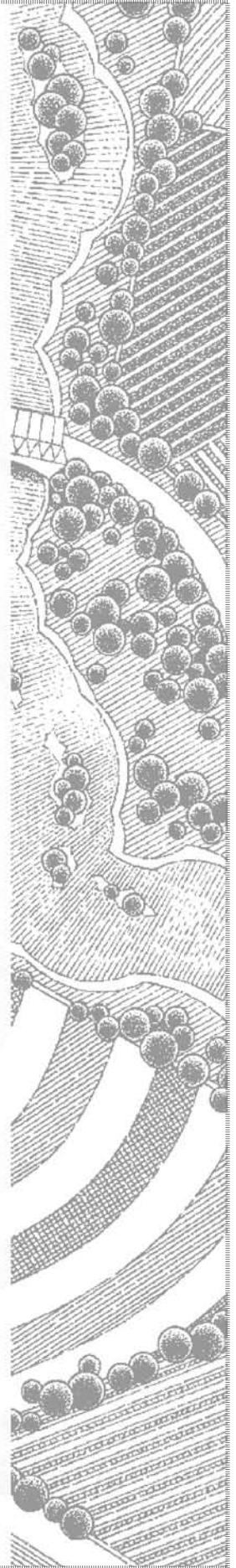
#### **Example: San Francisco Department of Consumer Assurance** from [www.ci.sf.ca.us/casf/index.htm](http://www.ci.sf.ca.us/casf/index.htm)

San Francisco County currently has several certified farmers markets where growers can sell produce directly to consumers. The San Francisco Department of Consumer Assurance certifies each market annually and performs periodic inspections to ensure compliance with state direct-marketing regulations. The department also issues producer's certificates to growers, which verify that they are the producers of the agriculture commodities sold at the markets. The department oversees San Francisco's Alemany farmers market.



## Conclusion

This chapter has introduced strategies your market can employ to improve and ensure the quality of products offered at the market. The next will address issues of pricing.





# 11

## Pricing for Value

This chapter will enable you to:

- ▶ Understand the role of pricing in customers' perceptions of quality.
- ▶ Understand the mechanism of pricing and provide vendors with helpful information.

Pricing is as important to a customer's perception of value as quality. While a customer may be willing to pay a little more for higher-quality produce, most consumers shop on a budget and will search for the right value that affordably meets their needs. Likewise, a farmer might be willing to lower prices to sell higher volumes but ultimately must cover his or her input costs and make enough of a profit to remain a viable business. The right price balance provides customers with an appropriate affordable value and vendors with enough profit for financial security. Over time, vendors and their customers naturally develop a mutually equitable relationship around price, but a market's management can take an active roll in facilitating this process.

As a basic rule, price should represent production costs plus whatever gross profit the market will bear. As with quality, though, a customer's perception of a fair price varies depending on individual preferences and resources. Similarly, every vendor has a "bottom line" that depends on input costs related to production expenses and personal needs. These differences result in a range of acceptable prices at every market.

### Using Competitors' Prices and Customers' Willingness to Pay to Set Prices

New vendors, and even some experienced ones, may not be certain how much to charge at a farmers market, and prices often vary from one market to the next based on customer demographics and competition from other outlets. As a starting point, vendors often use current retail prices at local grocery stores as a guide. The ability to charge retail prices at farmers markets is one of the primary reasons many farmers choose direct marketing for their produce. While retail prices can serve as a useful benchmark, these prices may not accurately represent the true parameters of pricing at your market.

On the other hand, some vendors use the farmers market to gauge their prices at other outlets. The direct customer feedback at the market provides invaluable information on consumer preferences. The following excerpt from a recent case

study of farmers market vendors published by the University of California Sustainable Agriculture Research and Education Program (SAREP) exemplifies this:

*Frog Hollow Farm's Courchesne was adamant that the farmers market is the foundation for all their business. Courchesne uses the market as the place where he can determine the best prices for his products and test them out. "It is the platform; it sets the stage for everything else we do," he says.*

—Jeri L. Ohmart, UC Davis SAREP

*Using E-commerce to Add Value to Small Farming Businesses in California.*  
Available online at [www.sarep.ucdavis.edu/CDPP/ecommerce.htm](http://www.sarep.ucdavis.edu/CDPP/ecommerce.htm).

### Using Production Costs to Set Prices

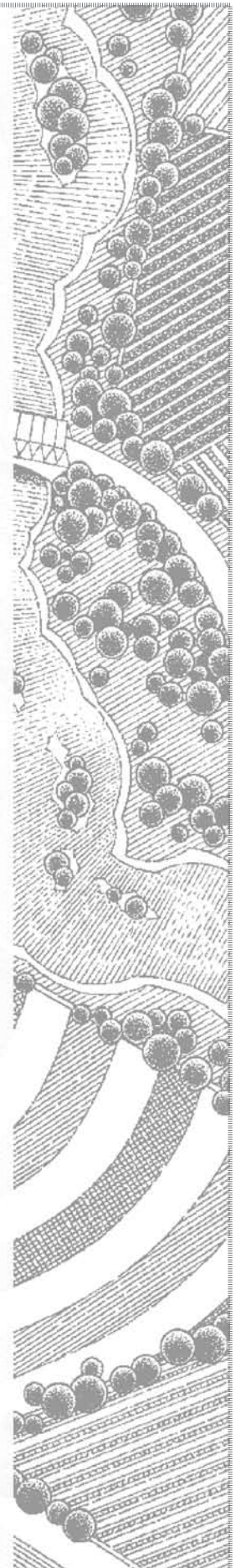
Vendors should begin to determine price by at least estimating their production costs for each product offered. In this context, production costs include all costs up to the point of purchase. Production costs provide a lower limit on what vendors should charge. An exception might be items sold as “loss-leaders”—products discounted below cost to attract customers into making other purchases from which the vendor profits. This basic guideline for pricing assumes farmers know their cost of production, an assumption that, as many farmers market managers know, is not always realistic. Several resources are available to help farmers and small business owners learn about costs and returns (profit/loss) studies. County Cooperative Extension offices, small business development centers, and local community colleges and school district’s adult education programs are good places to start. When working with farmers who do not know their costs of production, a manager’s role may be limited to encouraging them to take a basic business, accounting, and/or spreadsheet course to develop the skills necessary to set appropriate prices.

Some small-scale vendors may sell at the market more for enjoyment and the social aspects than as a primary source of income. Urge these vendors to be considerate and not to “dump” their produce at a low price or undersell a vendor who depends on market sales for a livelihood.

### Customers Expect Competitive Pricing

Published surveys give a general view of what farmers market customers expect or are willing to pay and what farmers actually charge:

- A survey of New Jersey farmers market patrons showed that the majority of the survey respondents (56 percent) believed that prices are lower at



farmers markets, 25 percent did not expect any difference, and 21 percent anticipated higher prices than at other retail facilities. Only 16 percent indicated that price was the most important characteristic affecting their decision of where to shop.

- University of Nebraska Institute of Agriculture and Natural Resources researchers found that customers valued the ideas that their purchases supported a local family farm and that products were locally grown or produced. The most important reasons for purchasing locally grown products were freshness, better taste, and the opportunity to support local farmers. Forty-eight percent of consumers would be willing to pay an amount equal to the typical retail price.



These two examples are typical and suggest that customers generally expect farmers market prices to be competitive with grocery stores, though they might be willing to pay a little more for higher-quality, locally grown produce.

In August 2001, Southland Farmers Market Association conducted a price comparison survey at six member markets and six grocery stores near the markets. Using ten common items as a representative “market basket,” Southland found in five of the six comparisons that shopping at the farmers market was less expensive than shopping at the nearby grocery store. (see [www.cafarmersmarkets.org/consumer/pricestudy.html](http://www.cafarmersmarkets.org/consumer/pricestudy.html))

## Conduct Your Own Price Comparisons

Remember that these results are general and do not represent trends everywhere or for all products during all seasons. Your market should try its own comparisons to determine how competitive it is with nearby grocery stores and even other farmers markets. When conducting a price study, choose a range of products and average prices from several vendors. Compare these prices to those for similar produce at local alternative outlets. Remember that some quality characteristics, such as organic or select varieties



and grades, can carry a price premium at either outlet. In other words, endeavor to ensure that you are comparing apples with apples and oranges with oranges.

### Analysis

Tabulate the data using a spreadsheet and calculate the differences between the market and nearby grocery stores. The resulting table might look something like this:

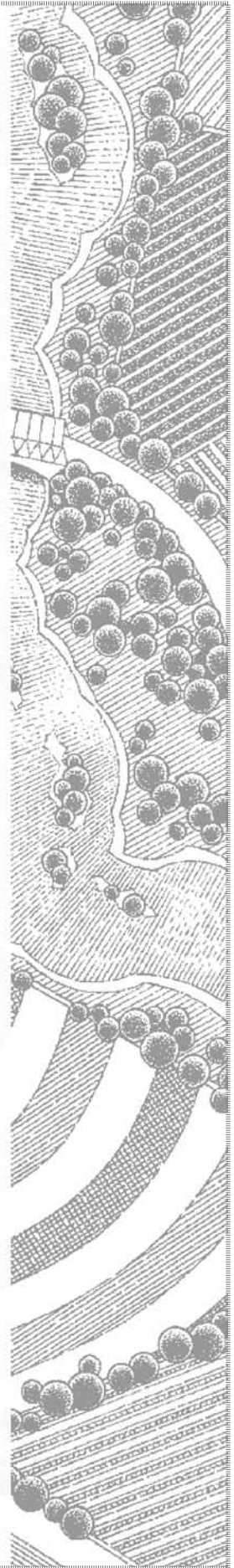
**Farmers Market Price Survey Conducted August 22, 2002**

Item	Farmers Market	Grocery Store	Difference
Apple, pink lady	\$1.20/lb	\$1.20/lb	\$0.00
Tomato, certified organic	\$1.60/lb	\$2.00/lb	-\$0.40
Pepper, green bell	\$1.20/lb	\$0.80/lb	+\$0.40
Eggplant	\$1.00/lb	\$1.20/lb	-\$0.20
Sweet corn	4/\$1.00	3/\$1.00	-\$0.33
Plums, Santa Rosa	\$1.00/lb	\$1.20/lb	-\$0.20
Squash, summer	\$1.00/lb	\$1.00/lb	\$0.00
Lettuce, green leaf	\$1.00/head	\$0.80/head	+\$0.20
Chard, red	\$1.25/bunch	\$1.50/bunch	-\$0.25
Potatoes, Yukon gold	\$0.80/lb	\$1.00/lb	-\$0.20
<b>TOTAL</b>	<b>\$11.05</b>	<b>\$12.03</b>	<b>-\$0.98</b>

In this example, the market offers equal or lower prices on all but two items. A customer buying all ten items at the market would save \$0.98.

### If Your Market Has Equal or Lower Prices

If you find that your market prices are consistently equal to or less than other retail outlets in the area, you could make low or competitive prices the focus of some of your advertising. Such a result might also be reason for vendors to consider charging more. Before doing so, though, urge them to consider customer demographics. Market shoppers may have smaller incomes than those who shop at the supermarket and a price increase could force them to shop elsewhere or to buy less. If



vendors' prices are lower, though, and they often sell out of products before the end of the market, then it is definitely time to think about a price increase.

### If Your Market Has Higher Prices

If you find that your market prices are consistently higher than those at other outlets in the area, you would emphasize quality in your advertisements and promotions. Offering higher quality than the competition enhances perceived value, even at a slightly higher price. As is the case with lower prices, vendors should analyze their sales and consider customer demographics before lowering prices. Use your market's price survey data to identify strengths and weaknesses that factor into determining your market's overall performance.

### Price Fluctuations

Fluctuations in prices are natural for products with variable input costs, seasonal effects, and changing supply and demand. Help customers understand why the price for a given product may be high early in the season, lower during the peak, and then higher again as availability waxes and wanes. Vendors may also change prices during a single market day as they adjust to consumer demand and as overall product quality declines as the day progresses. Quality declines during a market for two main reasons: Exposure to heat and handling and sorting by customers.

Since many perishable products that are not sold the first day cannot be sold another day, some vendors lower prices significantly at the end of the day to sell the surplus rather than bring it home. Vendors should consider how this impacts subsequent sales. Do customers intentionally come late to pick up bargains? Will they react unfavorably if they see the same product at a higher price the following week? These considerations require vendors to monitor sales trends in response to price changes. In some cases, it might be better to hold prices constant during the market and donate the surplus produce to a food bank or gleaning organization rather than lower the price and encourage bargain hunters. The manager can help vendors make such decisions



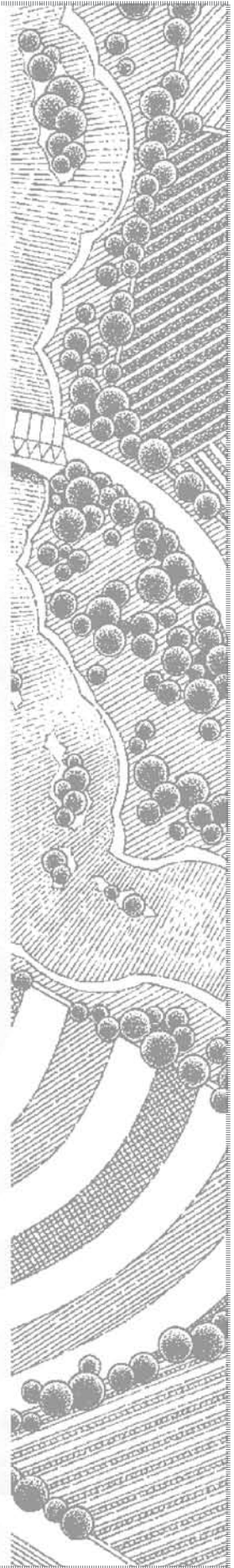
by keeping track of customer traffic at the market from day to day and week to week and noting trends that individual vendors may not be able to track.

### **Avoid Price Fixing**

While it may seem unlikely that anyone would enact Sherman Antitrust laws against a market or vendor, the potential does exist. In one case, a complaint was made against a market because of a clause in its rules that stated that “vendors cannot price their goods more than 25 percent lower than the going rate for that item.” The intention of this rule was to limit “dumping” of produce at the market, but it had unintended effects. You can avoid similar controversies at your market by letting vendors set their prices independently. It is better to protect your vendors by maintaining a carefully balanced market mix that meets customer demand without too much oversupply than to try to regulate prices arbitrarily.

### **Conclusion**

In this chapter you learned about the mechanisms vendors can use to set prices, strategies you as the manager can use to determine if vendors’ prices are competitive, and ways to improve your market’s pricing. Many of these strategies, and others in this guide, depend on your willingness and ability to collect, analyze, and make good use of available information and on vendors’ willingness and ability to keep accurate records and use them to guide decisions.





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## The Farmers Market Management Series

Several years ago, having observed trends in the evolution of food marketing, I decided it would be a good idea to professionalize management of farmers markets by, among other things, developing and making available a Farmers Market Management professional development curriculum. I approached the U.S. Department of Agriculture's Agricultural Marketing Service (USDA AMS) for seed money to launch the project, and the agency was supportive in helping the UC Small Farm Center get the project off the ground.



The project has proceeded deliberately since its inception with support from the Small Farm Center.

Happily, the center has now produced three primary volumes as a foundation for the curriculum: *Starting a New Farmers Market*, *Farmers Market Management Skills*, and *Growing Your Farmers Market*.

I wish to acknowledge the early support of this project by Errol Bragg of USDA AMS and, more recently, by USDA's Risk Management Agency. Also, farmers market managers throughout the country were extremely cooperative in sharing their experiences and insights regarding the many aspects of their work.

The UC Small Farm Program and Small Farm Center were early advocates of farmers markets and facilitated education in this regard. This series is part of the Small Farm Program's contribution to the 21st Century's evolution of farmers markets. Please read also our companion farmers market publications, *Managing Risks and Liability at California Certified Farmers Markets* and *Food Safety at Farmers Markets and Agritourism Venues*.

Desmond Jolly  
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