

Conducting the Feasibility Study: Site Assessment

This chapter covers issues specific to the potential site of the new market. The site-assessment committee's primary responsibility is to look further into the analysis of all potential market sites. The committee should create a list of the pros and cons for each site and various ideas to present as findings to the organizing committee or board of directors. A recent USDA study ("Farmers Markets Survey Report") found that the two primary reasons for market failure are location and competition; that is, in-season dominance by alternative vendors.

This chapter will enable you to:

- ▶ Identify potential sites for a new market.
- ▶ Determine the suitability of each potential site.

Site Factors

Several factors should be considered when undertaking this assessment. Initially, you need to have some basic idea of where the market could be held. Important points to consider include centrality, parking, visibility, ease of access, and environment. It may be necessary to compromise on a site if a location that meets all of the desired attributes cannot be found. Outline all potential and alternative market locations, listing their positive and negative characteristics. Be aware that the market's location and the demographic profile of its clientele will greatly influence product offerings and economic viability.

Permanent versus Temporary

When choosing a market site, an important consideration is whether or not the site will likely be used on a temporary or permanent basis. A permanent site is one that the market either owns or has secured a long-term lease that enables the market to remain on the site for the foreseeable future (such leases last from seven to ten years). A temporary site is contracted for a year at a time, which can be a good option if you want to test the location before entering into a long-term arrangement.

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Permanent Site

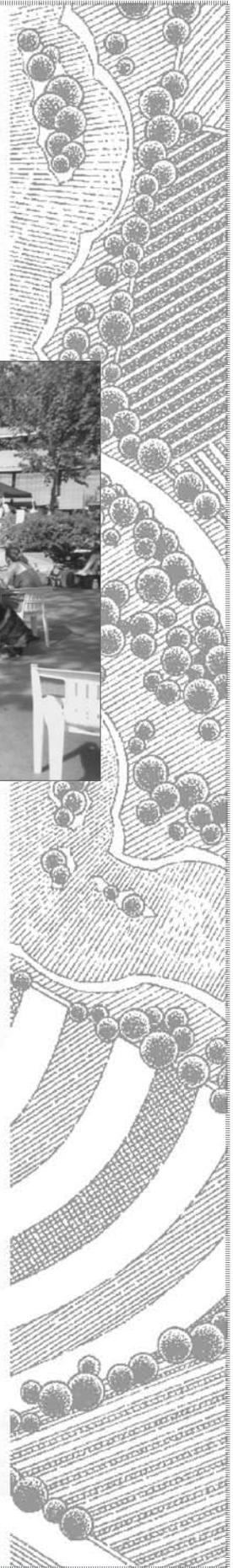
A truly permanent location can be secured only through purchase or permanent deed. Cities or towns occasionally have sites that may be donated for the exclusive use of a market. Long-term agreements with the city, or long-term leases with private landowners, are also fairly dependable ways to establish a semi-permanent location for the market without an outright purchase. It may be possible to secure a free site. Look in the area for vacant parking lots, churches, synagogues, city offices, courthouses, malls, parks, athletic fields, vacant lots, county fairgrounds, school grounds, blocked city streets, and town squares.

A major advantage of a permanent marketplace is that it can be made more secure. Storage facilities can be built in, allowing vendors to leave their setup materials at the site.

Fences, stalls, and displays can be built into the market structure, further reducing the time needed for setup and breakdown. A permanent shelter also may be constructed to provide year-round protection from the elements. The Davis, California, market pictured here began on sidewalks adjacent to the central park. Later, however, the city built a permanent structure for the market, allowing it to evolve into the central feature of the core area of the city. The market, its vendors, and its customers all reap the benefits of long-term investment.

Long-term sites offer many benefits. A permanent home allows consumers to become familiar with the location and establish regular, long-term shopping patterns. It also allows for permanent improvements over time to suit the evolving needs of management and vendors.

The main disadvantage to a permanent location is its initial purchase cost. The costs of insurance, upkeep, and taxes are additional expenses. In temporary sites, the landlord, as a part of the rental contract, often absorbs these costs. Another thing to consider is whether the site is appropriate for a permanent location. A good alternative may be to start with a short-term commitment until the market has demonstrated success in the location.



Assessing a Temporary Site

The main advantage of a temporary location is flexibility. The flexibility provided by a short-term commitment allows the market to relocate to a better location as needed. As a market gains in popularity, public or private organizations may be more willing to provide the market with access to a more centralized location and could end up offering a long-term arrangement. Also, as the market grows, it may be necessary to relocate for more space or better customer access. Satisfaction with this sort of arrangement often depends on how comfortable the board, manager, and vendors are with the costs and logistics of re-establishing the market in a new location.

There are disadvantages, however, to a temporary site. Often, an ideal downtown location may be available only briefly, until alternative development is approved. The market is then faced with moving to another location and disrupting its customer base when it has not yet taken root in the community. This could be like starting the market all over again if the market must move a considerable distance.

Another drawback to temporary sites is possible multiple uses that must share the site. If the location is used for other purposes during nonmarket days, there may be no way for vendors to leave stalls and display items at the site. Occasionally, temporary markets can make site enhancements or erect semi-permanent structures, but it is difficult to justify the large investment required when tenure at a location is uncertain. Because of this, markets at temporary sites do not usually benefit from the same improvements for vendors and customers that are possible at more permanent locations.

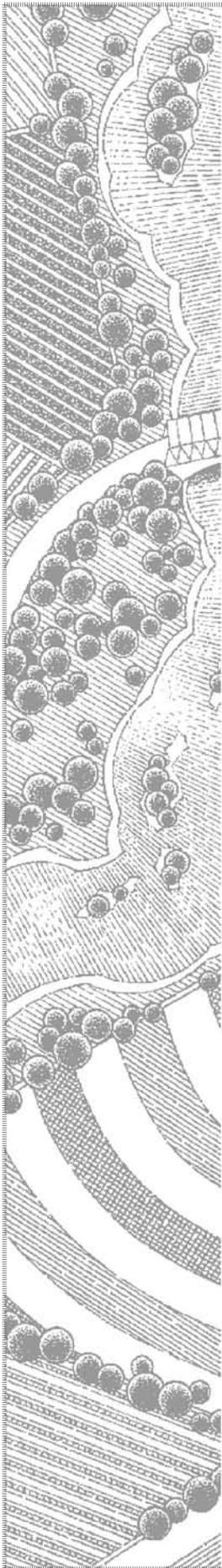


Site Selection Criteria

There are two key areas on which to focus when choosing a location for a farmers market. The first is narrowing the number of possible sites using visible aspects of each potential site as a determining factor. The second is researching the logistical aspects of potential sites:

Size: Ideally, the site should accommodate two rows of vendor stalls and be at least 40,000 square feet in size.

Centrality: An ideal site for a farmers market is a central location close to areas where potential customers live, work, and shop. The market should be in an area that appeals to a wide cross-section of customers, both culturally and economically. Bus and train stops nearby are a major advantage. Other activities (e.g., sports, shopping, attractions for children) located in the



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vicinity of the market also are a plus for attracting potential customers. The area should be perceived as a safe area for customers to visit.

Visibility and access: The site should be easily visible from the main thoroughfare or adjacent streets. If not, additional signs may be necessary to attract customers' attention. Markets that are visible in heavily travelled areas enjoy the benefit of curious people who stop on impulse. If the market is not easily visible, it cannot attract this kind of interest, which limits the customer base to those who are already aware of its existence. Consumers should be able to locate the market easily with a few simple directions. The harder it is to find, the harder it is for new people to attend.

Environment: The market should interface well with the neighborhood. Litter caused by the market's set-up and breakdown should be removed. The market should enhance, not detract, from its surroundings. Seating and picnic areas, parks, fountains, and gardens can provide shoppers with inviting places to relax and enjoy the farmers market experience.

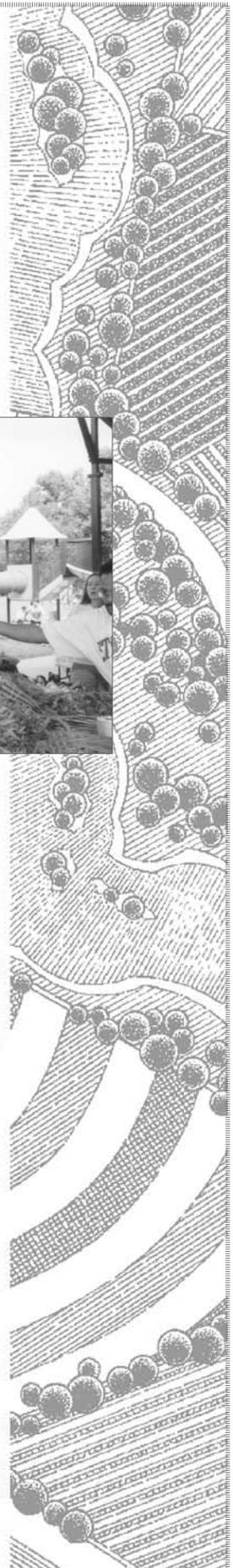


Transportation: The site should be easily and conveniently accessible by public transportation such as a bus or light rail route.

Parking: The market should be convenient for customer access. The site manager for the Marin County Farmers Market in San Rafael, California, says, "Parking is very important. Customers are not going to want to shop if it is inconvenient to find a space or if they have to walk far between their cars and the market." Consider the vendors' needs as well. They need room to move their vehicles into a stall or area, turn around, unload, and situate themselves for selling.

Water: Water must be available. Hose spigots can provide water for keeping produce cool and the area clean. To conform to health regulations, vendors will likely need to use water at their stalls. In addition, water fountains for customers and vendors help to keep people cool and hydrated on hot summer days.

Restrooms: Restroom access in the immediate vicinity of the market is another necessity. Restrooms are important for vendors as well as for customers. Vendors will be onsite anywhere from three to ten hours. Onsite restrooms



also may be a health department requirement. If no restrooms are available onsite, consider renting a portable service that can be left at the site and locked after market hours.

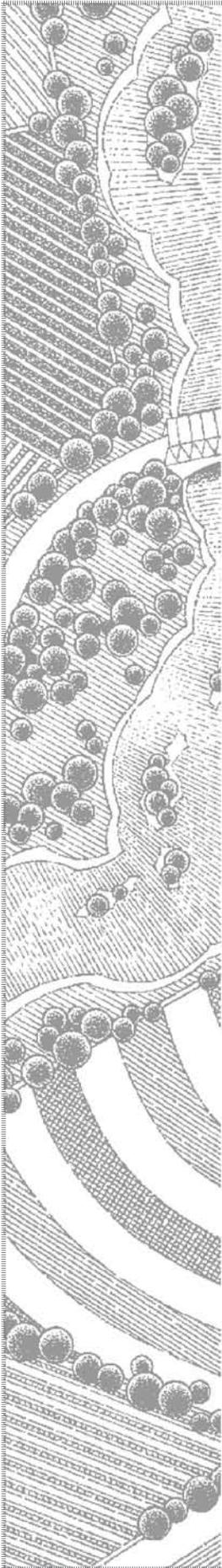
Surface cover: A site's surface makes a difference aesthetically as well as functionally. Wood chips, pavement, gravel, and grass each have different advantages and disadvantages. A shady grass-covered park is inviting on a hot summer day but probably requires farmers to park their vehicles some distance from the stalls. Grass also may not withstand heavy foot traffic and can become difficult to negotiate in rainy weather. Pavement, on the other hand, will surely withstand heavy foot and vehicle traffic but can be blistering hot on a sunny summer afternoon. Consider the geographic area and the weather conditions likely to be experienced during the market season. Is rain likely? Will temperatures soar into the nineties or above? If the market operates during the rainy season, make sure that the surface is graded and has adequate drainage. A gentle or moderate grade is ideal. A grade that is too steep will make parking and set-up awkward and may also restrict handicapped access. If heat is a likely issue, look for a location with some shade, such as a parking lot with trees, or consider starting the market early in the day. Above all, make sure the surface the market plans to use is even and free of holes and other obstructions that put customers and vendors at risk.

Shelter: Protection from sun and rain creates a more comfortable and appealing market. Customers are more likely to venture out during hot, cold, or wet weather if the market area is covered and protected from the elements.

Stall layout: Visualize how the stalls would likely fit on the site. How many vendors will fit in the space? Will the market have room for potential expansion? Keep in mind that the market also will need room for customer traffic, including those with special access needs (e.g., wheelchairs). A circular flow creates easy passage and helps balance visibility for all of the stalls. The evaluators also should visualize where the market would establish a central location for the information booth, which can be made easily identifiable with colorful flags or banners.

Ownership: The owner may be a business, person, church, city, or other entity. The terms and tenure of a contract depend on the nature of the property's ownership and prospects for alternate uses or for development.

Cost: Some owners may require rent; others may be willing to forego rent for the benefit of increasing foot traffic or providing a community service.



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Zoning: The site must be zoned for business. If not, it may be necessary to obtain a variance.

Fire regulations: Most farmers markets will require at least a fire lane.

Law enforcement regulations: Be aware of any law enforcement concerns and regulations.

Property taxes: The market's presence may affect the tax owed for the site.

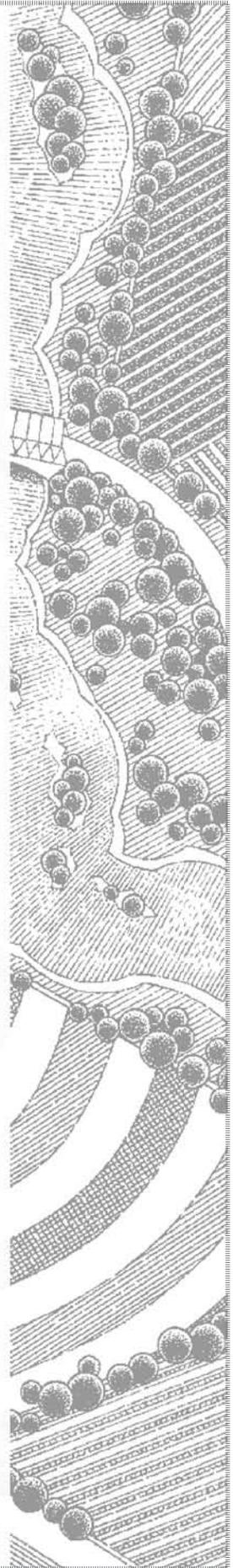
Insurability: The site will need to be insured and appropriate groups must be covered for liability risks.

Final Thoughts on Choosing a Site

Ideally, you want the market to be situated in a place where vendors, managers, and especially customers will enjoy their time there. Offer your customers an organic environment, a place where shopping for fresh food seems natural. Studies have found that consumers patronize farmers markets first because of the farm-fresh produce and then for the ambience. A pleasurable shopping experience is very important in attracting and retaining customers.

Even if the only location available to you seems dismal and undesirable, you can take steps to create an inviting atmosphere. If the site is under a highway overpass, for instance, as it is for the Oakland Lake Merritt Farmers Market, you can use the cement structures to your advantage. You can have bands play music under the overpass, using the concrete caving as an amplifier to drown out the sounds of traffic above. You also may want to consider creating some large decorations (for instance, hand painted murals by local schoolchildren) that can easily be attached and removed for each market. These are not extravagant or expensive ideas, but they help to brighten up a site.

Food quality, customer relations, and good management are very important, but without a positive, upbeat atmosphere, even a well-run market will lack the appeal that gives people delight in their shopping experiences. If the market is in a vacant lot, for example, try to add landscaping features. Perhaps some of the growers could donate perennial flowers and herbs. Consider involving neighborhood gardeners who may want to form a committee to help beautify the market site. The pleasure that customers and vendors take in the market will have a significant impact on its longevity.



Conducting the Feasibility Study: Financial Analysis

The financial-analysis committee has two important tasks: determine possible sources of funding the start-up of a new farmers market and develop a projection of income and expenses to determine whether it is feasible to start a new market. If opening a new market goes forward, the budget generated by this committee will become the foundation for the market's operating budget, so it is important to gather data with which to make the most accurate projections possible.

This chapter will enable you to:

- ▶ **Be aware of potential sources of start-up and operating funding.**
- ▶ **Collect data to project income and expenses.**
- ▶ **Determine the financial feasibility of a new market.**

Sources of Funding

There are a number of potential sources of funding for a new market, including sponsorship, grants, and fees. If the market is sponsored by a single organization or a coalition of organizations, the founding organization(s) will likely provide some funding for start-up. In that case, the financial-analysis committee should include representatives of the sponsoring

organizations who can accurately project funds available for start-up.

Depending on the purpose and mission envisioned for the market, the market organization or its sponsoring organization may be eligible for grants through government agencies or nonprofits. A search of available grants related to nutrition, agricultural marketing, and community development can yield potential sources of funding. Local funding may be available through the chamber of commerce, United Way, and service organizations and religious groups.

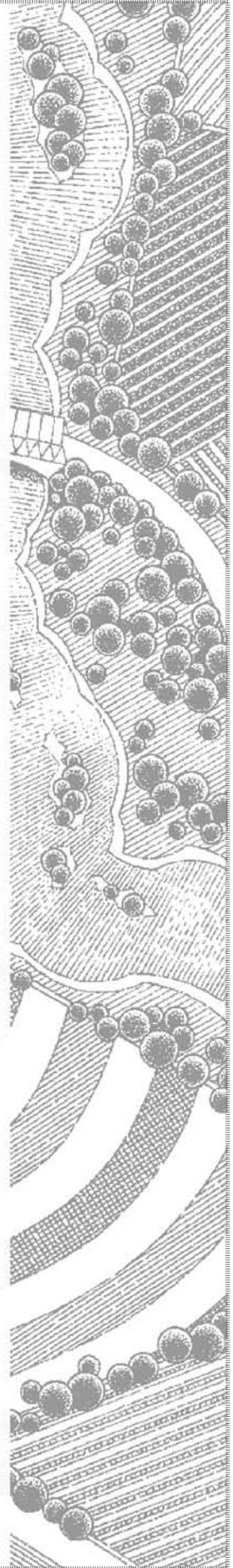
Another source of funding is vendor payments of stall fees and/or membership dues. Managers of established markets that are not in direct competition with the proposed market may be willing to share information about their stall fees, membership dues, and other sources of income. The committee should check with more than one manager to elicit a set of strategies and choose the ones that will work for the proposed market.

Projected Expenses

To establish the financial feasibility of the market, you need to anticipate and project the market's expenses. List anticipated costs, such as wages, benefits, insurance, permits, and office overhead. Also, list planned start-up costs such as a deposit on office space and creation of a logo, as well as ongoing planned activities that can include special events and advertising and their projected costs. Check with managers of other markets, preferably in areas with similar demographics and costs of doing business (for example, similar costs for office space and employee compensation), to gauge expenses as accurately as possible.

Working with Other Committees

If the feasibility study indicates that a new market would be viable, then the work of the financial-analysis committee will have a strong impact on future activities. If, for example, the cost of designing a logo and purchasing promotional materials is not included in the initial cost projections, then the options open to those assigned the task of promoting the new market will be constrained. It is important that all of the committees maintain communication with each other and that the activities involved in the feasibility study and start-up be organized and coherent so that nothing is assumed or overlooked. With organization and communication, the results of the initial financial analysis can become a cornerstone of future market development.



Conducting the Feasibility Study: Vendor Recruitment

This chapter will enable you to:

- ▶ Assess vendor interest in a new market.
- ▶ Match vendors with consumer demand.
- ▶ Recruit vendors.

The vendor-recruitment committee's main responsibility is to assess the availability and interest of area growers in joining a new market. Through this committee's work, the market contacts growers and begins to develop vendor membership requirements.

It will take some time to make contact with a sufficient number of farmers, secure their involvement, and provide them with the information they need to prepare for a successful market season.

Finding the Niche

The vendor-recruitment committee must work closely with the market-analysis committee to match potential vendors with consumer demand. Using preliminary results from the market-analysis committee's study of consumer demand and preferences, the vendor-recruitment committee can determine the initial product mix the market should offer, the number and types of vendors they need to recruit, and, ultimately, whether vendor recruitment for this market is successful.

To analyze vendor and product availability and interest in selling at the market, a survey specific to producers can be conducted. Surveys can determine the vendors' level of interest and willingness to sell at the market. The survey can ask farmers for their reasons for selling products at farmers markets and rank those reasons on a scale of one to ten with one being most important and ten being least important. The following characteristics are useful: convenience of direct marketing, receiving retail value for products, interaction with customers, ability to advertise value-added products, and ability to sell excess products not sold through other outlets.

Determine if other vendors in the area are selling vegetables, fruit, flowers, or baked goods. If so, who are their customers? How do they set prices? What makes them successful? Instead of attempting to outperform them, find an area in which they are lacking that can provide the new market with an obvious niche to fill. The market can then differentiate its products by branding the market as a unique complement to existing competitors. Ideally, a market does not want to be in

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direct competition with anybody. Look for ways to complement existing resources, find new areas in which to specialize, and build relationships that are mutually beneficial.

One of the principal competitors for produce and value-added products is local supermarkets. However, supermarkets do not necessarily have to be viewed in a negative way. One market manager reported that, when his market was forced to leave its traditional site, the town's grocery store offered its parking lot. The new location worked out well, and the market has since been held there for many years. Customers purchase their nonproduce groceries at the supermarket and then shop at the farmers market for fresh, seasonal produce.

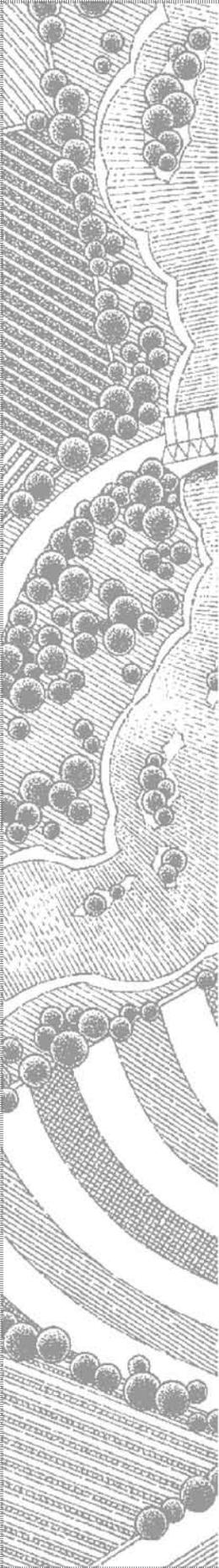
To keep this cooperative arrangement running smoothly, relations must be maintained between the supermarket and the farmers market's manager. Often, the supermarket manager comes from an agricultural background and sees slight losses in produce sales one day a week as worthwhile in return for supporting local farmers, building good community relations, and attracting additional customers on market day for nonproduce items.



Other Attractions and Vendors

Special events, tourism, and other nearby attractions can draw customers to the area from long distances, though not necessarily on a consistent basis. Some of these events may be seasonal or of short-term duration. Determine what the area has to offer:

- Is this community the gateway to a popular recreation area or national park?
- On what days does the market attract the most tourists, and during what peak hours? Work with local hotels, chambers of commerce, and other attractions that can share information or can benefit from the farmers market.
- Are there weekend craft fairs, famous historic buildings, or special downtown events that bring tourists to the area?
- Could these offerings add to the customer base or will they have the opposite effect—keeping away local residents?



Agritourism

Agritourism is a new approach used by some farmers to attract customers to their farming operations. By offering tours, roadside stands, you-pick operations, and bed and breakfast accommodations and by listing their sites on farm trail maps, these farmers are creating new identities as destination areas for urbanites who have a desire to experience rural life. For farmers market managers, some of these agritourism operations can represent competition while others can be beneficial.

Do these agritourism operations offer very specific, seasonal types of products, such as market-pick blueberries or Christmas trees? Would they draw from the market's desired customer base? School tours to a pumpkin patch probably would not attract the same crowd that the market is targeting, but it is possible. Do area agritourism operations/events conflict with the days and/or hours that the market will be held?

One way to strengthen collaboration among different agricultural producers and increase their accessibility to consumers is to incorporate all of them into the farmers market, building a network of support for local agriculture. If a farm that hosts students can say, "We will be at the farmers market on Saturday if you want to show your parents our pumpkins," that word of mouth provides free advertising for the market. A local blueberry grower could find it worthwhile to close her farm stand on market days to sell at the market instead.

Contact all of the farm stands, you-pick operations, and agritourism operators in the area and ask if they are interested in joining the market. If they are already participating in direct marketing, there is a strong possibility that they will be interested in the opportunity to sell at a farmers market. However, make sure that their operations are compatible with the market's vendor policies and state regulations.

Finding the "Right" Vendors

Town councils and downtown business groups organizing a new farmers market have at times underestimated the complexity and effort involved in getting farmers to join a new market. Finding farmers who are growing the right products for direct marketing or that are interested in new farmers markets can be a challenge even in an agricultural area. The vendor-recruitment committee must spread the word widely and talk to many farmers to develop a base membership of growers with sufficient product diversity and volume to make the market successful.

Even more important than finding growers is finding the right growers. Consumers prefer markets with a well-rounded selection of produce. Keeping a wide variety throughout the season is a key factor for successful markets.

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One good way to go about providing diversity is by starting with a core group of growers who can offer a wide array of produce. Specialty items and seasonal favorites can then build on that foundation. Diversity in products at the market is as important to farmers as it is to consumers. Too much overlap among growers reduces their individual sales and is a frequent complaint to managers. Getting an early start on developing the right market mix is critical to the success of a market and its growers' businesses.

Where to Find Vendors

Recruitment of vendors should begin six to eight months before the opening of the market, preferably in fall or early winter when farmers have more time to participate in planning. Contacting farmers at this time also allows them ample opportunity to prepare crops for the market. If they know which products they want to sell the following spring and summer, they can place seed orders and develop planting schedules accordingly.

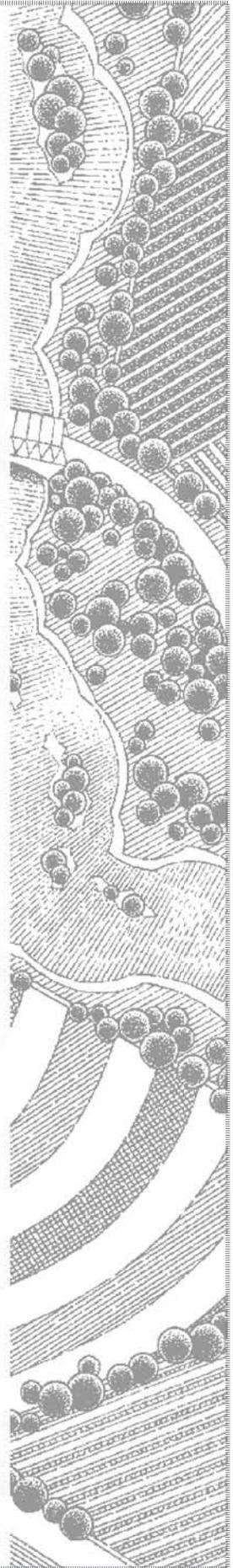


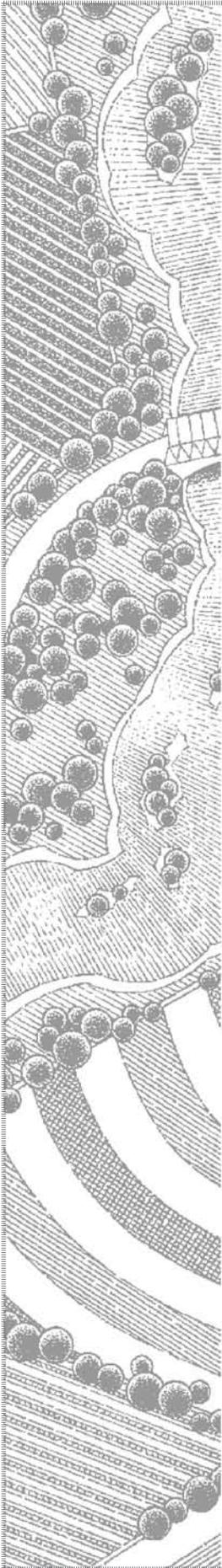
Personal contacts and phone calls are the most effective ways to get the word out about a new farmers market. If there are other markets in area, it may be helpful to visit those markets and talk to their managers and vendors. Farmers often will be interested in selling at more than one market, but be careful not to steal vendors from other markets. Also visit you-pick operations and roadside stands in the area, as these farmers may be eager to try another form of direct marketing.

It is helpful to talk with interested growers to determine how serious they are about the market. If they want the market to work, they may talk to other growers about it. An increase in the number of growers and the resulting diversity of products makes for a larger, more stable, and more interesting market that can attract and serve more consumers.

Growers' associations and cooperatives can be helpful in informing potential vendors about a planned market. Organizations that may be helpful in identifying local growers include the Cooperative Extension Service (located in most counties), the county agricultural commissioner's office, the state's agriculture department, and the local Farm Bureau office.

If these organizations have upcoming workshops, a representative from the vendor-recruitment committee can make presentations about the proposed market. Networking with experienced marketers at these events can also provide an invaluable source of information about the process of starting and running a market.





Reviewing the Findings of the Working Committees

When the market-analysis, site-analysis, financial-analysis, and vendor-recruitment committees have completed their tasks in assessing the feasibility of starting a new market, the organizing committee should meet to review the findings and decide whether to move forward.

Agenda for the Organizing Committee Market Decision Meeting

Objectives

- 1) Review findings from the committee analyses.
 - a) Is there sufficient consumer demand to support a market?
 - b) Is there sufficient vendor interest and commitment to meet consumer demand?
 - c) Are there viable potential sites?
 - d) Is there a way to finance the market and can it be financially viable?
- 2) Financial options.
 - a) Budget, cash flow, and cash needs.
 - b) Financing options.
- 3) *Decision*: Is it feasible to start a new market? Will the process move forward or stop?
- 4) If the decision is to proceed, discuss creation of the board of directors.
 - a) How many of the organizing committee members will serve on the first board of directors and what skills do they bring?
 - b) What skill areas or areas of representation are missing? Who still needs to be recruited? See Chapter Ten for more on creating the board of directors.

