There has been a dramatic increase in the number of farmers markets in the United States. The USDA estimates that in 1994 there were 1,755 farmers markets in the United States. Twenty years later in 2014, the number of farmers markets has grown to 8,268 (USDA Agricultural Marketing Service 2014). And while there have been an increasing number of farmers markets, there is also a growing diversity in the venues and modes of operation in which farmers markets operate. In order to elaborate on these trends, this report reviews the evolution of local food marketing strategies in general, including the rise of indoor farmers’ markets. Second, it reviews recent efforts to diversify local food marketing strategies, with an emphasis on indoor venues. And finally, this report summarizes some key issues to consider when starting a farmers market, including indoor farmers’ markets.

One of the first modifications to the outdoor farmers’ market of the nineteenth century was to move it partially or entirely indoors. Reasons for doing this are many, including extending the farmers market into the late fall or winter seasons, providing a more permanent infrastructure to improve sanitation and to make the shopping experience more enjoyable, as well as to better manage produce by providing a controlled environment to extend the shelf-life of the produce being sold. In many instances, the indoor farmers market was a response to having a fresh produce market in a densely built environment within large cities. For example, Cincinnati’s Findley Market opened in 1852. It was partially enclosed when it was originally built, but concerns about inclement weather, public health, and the need for dependable refrigeration prompted the market operators to fully enclose the facility (Corporation for Findley Market 2014).

Most major metropolitan centers have an indoor farmers market of some sort that has been a center for local foods (both fresh and prepared) for decades. These markets sell fresh fruits, vegetables, baked goods, cured meats, fish, poultry and eggs, ethnic specialty foods, cheese, as well as artisanal crafts and a wide range of other goods. The Baltimore Lexington Market has been in continuous operation since 1782. In St. Louis, the Soulard Farmers Market was established in 1779 as an outdoor market, with two indoor buildings added in 1841 (Soulard Market 2013). The Kansas City Market traces
its origins to 1857. The Indianapolis City Market began operations in 1886. The Detroit Eastern Market has been a retail fresh food source since 1891. Pikes Place Market in Seattle opened its doors in 1907. This market is also renowned as the starting point for Starbucks, which started to roast and brew coffee in the market in 1971. Cleveland’s West Side Market started operations in 1912. San Francisco’s Alemany Market was established in 1943. It developed as an outlet for farmers who had surplus produce, but could not transport it very far because the transportation infrastructure was being used to support the war effort. So, farmers decided to sell their surplus to local consumers (Morgan 2012).

Diverse Strategies for Marketing Local Foods Indoors

The above list of large, long-established indoor farmers markets shows that there has been an appetite for fresh, and locally produced, foods for decades. What is new is the increasingly diverse ways that farmers are marketing their foods at outdoor markets and indoors in partnership with other retailers. As the demand for locally-grown produce has grown, some grocery stores and other retail outlets are changing the way their supply chains operate (Merrigan 2012). Traditionally, large grocery store chains have sourced their produce through long supply chains that prioritize low price and economies of scale. One so-called “Food Odometer Report” documents how much of the produce we purchase at grocery store chains travels hundreds if not thousands of miles (Pirog and Benjamin 2003). In order to accommodate the growing demand for locally-produced produce and products, grocery stores and other retail outlets have had to rethink how they do business. That means at least partially changing their supply chains, as well as reorganizing the actual plan of their retail space. The remaining part of this section provides selected case studies to show how farmers markets are expanding into grocery stores and other retail ventures.

As a starting point for increasing more local foods, some grocery stores are simply contracting with individual local farms. Food cooperatives have had a long tradition of following this strategy. But this has always been a niche market. More recently, the very largest retailers have been purchasing directly from local producers. Wal-Mart is a prime example of this trend. In a statement released in 2010, Wal-Mart said it wanted to double the amount of locally-sourced produce from 4.5% to 9.0%. This is a goal it hopes to reach by the end of 2015 (Clifford 2010). A question arises, however, as to how consumers define “local.” Wal-Mart defines a product as being local if it is grown in the state in which it is sold. For smaller states such as Iowa or Indiana, this might make sense. For other states such as Texas, this might stretch the definition of “local,” because produce might travel for 10 or more hours from the farm to the retail outlet (Bustillo and Kesmodel 2011). The broader importance of Wal-Mart’s move into fresh, locally-produced food is that it has already created more opportunities for local producers to sell their goods in grocery stores — and Wal-Mart’s lead will spur other grocery stores to follow.

In Massachusetts, the Big Y grocery stores in Amherst and Northampton have contracted with the University of Massachusetts student-run farm for the past eight years. It started out as a small-scale experiment with only two students growing vegetables. It now operates with 12 student employees who produce 47 varieties of fruit and vegetables. Deliveries are made to the Big Y grocery stores from June through September in each growing season (Broncaccio 2014). This project serves several purposes. It provides a training opportunity for fledgling student farmers. It meets the growing demand for fresh produce, and raises revenues for the experimental farm. The success of working with the University of Massachusetts farm has prompted the Big Y chain to contract with over 40 other farms across the state.

HyVee, a grocery store chain located in the Midwest, actually provides a map of their market area covering Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, and Wisconsin (HyVee 2014a). On this map, HyVee shows the individual farmers it contracts with to supply fresh produce. A visitor to the map can click on an icon to see a picture of the individual farmer or farm, as well as a description of the types of produce that farmer delivers to the grocery store.
For many stores, there may only be two or three local suppliers. However, HyVee’s effort to create a “farmers market” in the grocery store culminates in their Cedar Rapids and Marion, Iowa stores. In these two sites, HyVee says that they provide “the freshest and best produce in town. Harvested and delivered straight from the fields, it’s like having a farmers market every day at your neighborhood Hy-Vee” (HyVee 2014b). At these stores, HyVee has contracted with nine different farms in eastern Iowa to supply fresh fruit, vegetables, and meat. This emulates the idea of an indoor farmers market because there are dozens of different products provided by nine different farms – and these farms are advertised as part of the HyVee marketing strategy.

There are other examples of this type of co-branding with farmers’ markets operating in or alongside grocery stores. The Massachusetts-based Trucchi supermarket chain operates in the shadow of much larger competitors such as Whole Foods. However, because it operates in smaller communities, and does not confront the same supply chain challenges of maintaining a consistently large quantity of produce, it can focus on local producers. This six-store chain sells locally grown fruits and vegetables, but also prepared foods such as locally made pickles (Brown 2013; Powers 2014). In addition, it plans on hosting a farmers market on its property, with some vendors selling in its store. During the past year, it has also featured book readings from three local authors, with two of the authors discussing their research on the local food movement in southeastern Massachusetts.

While Trucchi’s purchases from local growers, and even plans to host local producers on their premises, Lees Market in Westport, Massachusetts, goes even further in terms of supporting local growers. This store sources about 60% of its produce from local growers, some of whom have been doing business with Lees for 40 years (Brown 2013).

Another variant on the idea of an indoor farmers market is being promoted by Fresh Thyme Farmers Market. It is actually a chain of grocery stores that that is trying to differentiate its enterprise from typical grocery chains by increasing the proportion of its retail space and profits devoted to / derived from fresh produce. So-called “fresh concept” grocery stores offer a different floor plan for their stores when compared to traditional grocery stores. Traditional grocery stores locate fresh produce and prepared local foods along the periphery of each store while devoting the center aisles to processed foods such as chips, cookies, soda, cereals, and canned goods, among other products. In a traditional grocery store, about 10% of store profits are derived from fresh / local produce. Fresh Thyme Farmers Market stores will place the fresh produce at the center of the store, will source these foods locally and regionally when possible, and derive as much as 30% of store profits from fresh and local foods (Gustin 2013). Mitch Orland, the executive chef and sustainability director for Fresh Thyme stresses that his stores emphasize, “regional providers for produce and [present each] store in an open, farmers market style” (Henrich 2014). The point though is that while the chain will certainly purchase fresh foods locally where possible, it is not a true farmers market. It is just using the façade of a farmers market to operate as a conventional grocery store that just happens to emphasize fresh produce more than its competitors.

Other grocery chains that are using a “farmers’ market-like” marketing strategy include Sprouts Farmers Market and Lucky’s Market. Again, these are chains that rely much more on local farmers than a traditional grocery store. They even highlight local farmers in their marketing materials. However, they are not farmers markets.

As an aside, it is worth mentioning the problem of “faux” farmer’s markets sponsored by grocery stores. Some grocery stores have actually put out large displays of fresh produce in their parking lots, accompanied by “Farmers Market” signs. The problem is that the produce was not produced locally and the farmers market signs deceptively implied that the grocery store was indeed selling local produce. Several Safeway stores in Seattle, Washington, and over 200 Albertsons stores in Oregon, Idaho and Washington tried this marketing strategy in 2010 (Wingfield and Worthen 2010). Many local farmers and the Washington State Farmers Market Association complained that these grocery stores were engaging in false advertising and undermining the meaning of farmers markets. Caveat Emptor!
A more forthright example of a grocery store/farmers’ market hybrid operates in Concord, North Carolina. Three local farmers joined together in 2013 to create a “farm-fresh, local-good grocery store” (Johnson 2014). Called the Peachtree Market, it specializes in selling only local vegetables, fruits, and prepared foods sourced from the state. It started out only operating 12 hours per week, but demand has allowed the store to be open for 30 hours per week. It has also expanded the number of vendors from 12 to 25 in the year since it has been in operation. Besides fresh fruit, vegetables, and legumes, the store sells grass-fed, antibiotic-free beef, poultry, and pork. It also sells cookie dough, salad dressings, crackers, granola, peanut butter, bread, and pasta products (Johnson 2014). It operates out of an old creamery building in downtown Concord, and has therefore restored some vitality to a declining city block.

When compared to traditional grocery stores, shops that place a greater emphasis on fresh, locally produced foods tend to be smaller in scale. This is true of Lees Market in Massachusetts and Fresh Thyme Farmers Markets in the Midwest. It is certainly true of Peachtree Market in North Carolina. The scale difference can also be seen in the final example here. In so-called food deserts, that is, residential areas that are underserved by grocery stores, convenience stores are often the only retail outlets for food. Convenience stores have traditionally been associated with a product mix that is devoid of fresh food, selling only highly processed candy, snack food items such as potato chips, soda pop, alcohol and tobacco. However, there is a growing recognition among convenience store chains that there is a market for fresh and locally produced food in their neighborhoods. Convenience store trade associations provide a list of recommendations that suggest stores start small, by simply offering apples, oranges and bananas. As the market grows, the retailer can expand into local and “seasonal foods” purchased at local farmers’ markets. Retailers may want to expand into some prepared foods such as sandwiches, and “meals to go.” These stores are advised to become WIC/SNAP approved stores to help low-income families purchase these fresh food items. The idea is to simultaneously expand healthy food options for residents of food deserts, grow the market for local farmers, while earning a profit for the convenience store which is now selling higher value goods.

The Boxcar Grocer in inner city Atlanta, Georgia, is a good example of a convenience store that specializes in local foods. The Boxcar Grocer is described as “a corner store with a difference, offering healthy choices sourced from urban farmers” (Wooten 2014). The Boxcar Grocer sources its foods and produce from urban gardens in Atlanta, as well as from farms from across the region that can supply fresh food all year long. It does provide other items besides food such as personal hygiene products (e.g. toothpaste, shampoo, and other household items). It also serves as a coffee shop and provides free Wi-Fi for its customers. However, its true innovation is providing an attractive, affordable venue to sell healthy, locally produced foods, to an underserved urban neighborhood (Boss 2012). The idea of using a small-scale “convenience store” format to sell locally sourced, fresh foods in food deserts has met with some success. The proprietors of Box Grocery are exploring other sites in Atlanta, as well as other cities in the Southeast. This model may be particularly important in so-called food deserts, which are urban (and rural) neighborhoods that currently lack a nearby grocery store with fresh foods. Residents of these neighborhoods are forced to purchase most of their food from traditional convenience stores which typically do not offer a wide range of fresh fruits or vegetables.

Considerations when Looking to Start a Farmers’ Market

With the recent increased demand for fresh, local food, multiple models of indoor markets have evolved. The simplest and the most frequently used is when a single farmer sells to a local grocery store. Grocery stores frequently promote these locally sourced foods in their advertising and labeling, by directly mentioning the local farm supplying the produce. However, other models are evolving too, as some grocery stores are willing to co-brand and share retail space. And what is old is new again. There have been indoor farmers’ markets in the United States for over a century. However, a new generation of indoor farmers’ markets is developing with the increasing number of outdoor farm-
ers’ markets. Many of the outdoor markets have cultivated such demand for local produce that customers are asking for markets to remain open longer and longer into the autumn — and now into the winter and year round. For farmers’ markets located in northern climates, this means moving the market indoors (Hevrdejs 2014; La Gorce 2014).

It is not always easy to make this transition from an outdoor market into an indoor market. Outdoor markets require far less infrastructure. Individual farmers typically supply their own infrastructure such as shelter (e.g., tents) and displays (e.g., tables and other portable displays). Many farmers simply sell produce from the vehicle, such as off the tailgate of a pickup truck. The space required for an outdoor market can be a cordoned off downtown street, a public parking lot, or green space provide by a church, school, or even business. The main challenge for an outdoor market is sufficient open space for vendors and adequate parking for both customers and vendors. Some farmers’ markets do provide access to public utilities (e.g., temporary access to electricity, water, and internet), but most vendors are self-sufficient. Hence, the overall operation of an outdoor farmers’ market does not require much in the way of infrastructure to effectively operate.

Indoor markets provide another level of logistical complexity. An example of this is evident in the recent efforts by farmers who participate in the Batavia, Illinois, outdoor farmers’ market (Editorial Board 2014). For years, these farmers had asked the Batavia MainStreet Program to help them find indoor space to host the market. The vendors persisted in their quest for an indoor market because when the outdoor markets close each autumn, regular customers patronize traditional grocery stores during the winter. Each spring, the outdoor market vendors have to work hard to bring those customers back each year. With a winter market, the vendors can stay better connected to their regular customers, making it easier to keep them coming back to the spring outdoor market. The repeated response was that there was just not any available, affordable indoor space that could accommodate them. That changed in late 2014 when Gaetano’s, a local restaurant offered up space in a building that they owned. Without this community-minded offer, Batavia would still be without an indoor market. The unfolding of events in Batavia sounds as though the vendors benefitted from an unexpected benefactor – implying that there is nothing that vendors can do to proactively work towards creating an indoor farmers market. In fact, there are a number of very concrete steps that farmers’ market advocates can do. Several excellent startup guides have been published and are available online (Fisher, Sterns and Gove 2003; Lakins 2007; and McKelvey, Hendrickson and Weber 2009). Below is a distillation and summary of key issues related to starting a farmers’ market – with applicability to starting an indoor farmers’ market (Table 1).
Table 1. Steps for Starting a Farmers Market

1. **Identify and Recruit Community Stakeholders and Resources.** A farmers’ market is more than a retail center. It is also a social milieu, a center for tourism and entertainment, and an important driver of community economic development. Hence initial support is needed from a broad range of community stakeholders including local farmers, county health departments, City Hall, economic development organizations and others. This will be particularly important in the case of indoor farmers markets, where addressing logistical issues such as finding adequate indoor space and infrastructural support will be imperative (e.g. electricity, water, heating, refrigeration, and internet).

2. **Conduct a Feasibility Study.** An outdoor market needs at least 6 vendors and 100 customers present each market day to succeed (McKelvey, Hendrickson and Weber 2009). A feasibility study should therefore specify local demand for fresh food and identify farmers who are willing to commit a certain amount of time each week to show up at the marketplace. An indoor farmers’ market may need higher numbers of customers because there may be higher operating costs related to heating and other infrastructure, coupled with the fact that there may be fewer farmers to share the costs of operating the market. A feasibility study might include surveys to potential customers and public meetings with various stakeholders (including customers and vendors).

3. **Recruit Local Farmers.** Out of the feasibility study should emerge a list of potential vendors for the proposed market. At this point, the organizers should reach out to specific farmers to gauge level of commitment, and actively recruit farmers willing to participate. This group of farmers can then have input into the creation of market by-laws.

4. **Develop By-laws and Market Rules.** According to Mckelvey, Hendrickson and Weber (2009), a well-conceived set of by-laws and rules should cover the following issues:
   a. Who can sell at the market?
   b. What products can be sold?
   c. Where will vendors set up at the market?
   d. What are the location and hours of operation of the market?
   e. What is the cost to the vendors of selling at the market?
   f. What will the market experience be like for customers?
   g. Who will be in charge?
   h. What fees will be charged to vendors to sell at the market?
   i. Can low-income families use SNAP benefits to purchase products at the market?
   j. How will rule infractions and grievances be handled and resolved?

5. **Apply for Non-profit Status.** A legal entity should be created to represent the farmers’ market. If it is an outdoor market that is simply moving into an indoor space for the winter months, this will not be a big issue. If a new indoor market is being considered, then a formal legal structure needs to be created in order to receive appropriate licenses, inspections, and operate as a legal business entity.

6. **Identify the Need for a Market Manager.** A successful farmers’ market needs good management. The question is, where will that come from? A small market may not have sufficient financial resources to hire a full-time manager. Can a sponsoring organization provide management oversight, or can the farmers put together a self-governing structure? Regardless of the structure chosen, a formal management function needs to be present in the market.

7. **Develop a Marketing Plan.** Like any business, a farmers market needs a marketing plan to succeed. Funding to pay for the marketing plan might come from local government sources or even state grants. However, farmers markets typically charge each vendor a rental fee to set up each week. A portion of these rental fees can be used to build a website and purchase advertising in other marketing outlets (e.g. radio, newspapers, and so forth).

8. **Address Liability Issues through Insurance.** Every commercial enterprise needs to have liability insurance. The Farmers’ Market needs to carry liability insurance but individual vendors also need their own insurance.
Conclusions

Moving forward, it makes sense to identify the characteristics of a successful public market. The Project for Public Places has identified at least ten issues to focus on as a farmers’ market is being considered (quoted in McKelvey, Hendrickson and Weber 2009):

- Vendors who are focused on quality, service and innovation.
- A location that is visible and accessible, with adequate parking.
- A diverse mix of vendors, products and events.
- A clear understanding of the purpose or mission of the market.
- A well-designed, comfortable and welcoming public space.
- Collaborations and partnerships between the local community, businesses and organizations.
- Sound, transparent financial accounting and a sustainable financial plan.
- Creative, appropriate and targeted promotions.
- A variety of ways to add value to local economies and communities.
- Effective, open-minded and fair management

As demand for local foods continues to grow, new strategies are sure to evolve, including increased reliance on the internet, and new forms of collaboration and cooperation between farmers, retailers, and consumers. A successful farmers’ market of any kind requires a lot of hard work, a solid business plan, and support from many stakeholders including local farmers, customers, local host municipality, and community economic development agencies. A commitment to thoughtful planning will help farmers’ markets become increasingly important elements in the community landscape.

References


