

**A GUIDE TO STARTING,
OPERATING, AND SELLING IN**

FARMERS MARKETS

by Charles Marr and Karen Gast

There is a growing interest in farmers markets or community markets. The term "farmers market" is often used since it describes the direct selling to the consumer by the producer (or farmer). But, this marketing system could also be described as a community market since there are additional advantages to the community that such a market provides. Sponsorship or establishment of these markets has come from communities, grower or producer groups, civic organizations, community service agencies, extension or educational programs, or private citizens.

Starting A Farmers Market

Advantages and Disadvantages

A major advantage of the farmers market is that it provides an effective marketing system for the producer or farmer. The producers are often part-time, retired, or hobby gardeners looking to supplement their incomes. The farmers market allows an opportunity for a "mix" of vendors operating side by side in the market. Consumers benefit by receiving fresh, high quality products and the opportunity to directly interact with the producer. Many people look forward to market day and this interaction at the farmers market. There is an advantage to the community when customers are brought to the business district, taxes and fees add to the local

business income, and a feeling of community activity results. Chambers of commerce and economic development officers recognize the enhancement to the community that such business activity provides.

Some of the problems that may arise include: 1) the location for the market is often in a public parking area which may interfere with other businesses in the area, 2) some existing businesses may resent the competition, 3) leadership to start or continue a market may be lacking, and 4) squabbles or disagreements among participants may interfere with continued operation of the market.

Markets are successful when there is cooperation, involvement, and communication among three essential groups: 1) the community or sponsoring group, 2) the producers or farmers, and 3) customers and others who support the local market.



Buyer-seller interaction adds to the appeal of a farmers market.

Initial Organization

A farmers market is typically initiated when civic-minded individuals recognize the potential benefits for both their community and producers located in or nearby the community. Usually, volunteers “start the ball rolling.” It can be advantageous to invite producers from other farmers markets to an organizational meeting. The local Cooperative Extension office can be of help in providing information. Most markets begin in an open-air location with minimal costs or expenses. Local chambers of commerce and economic development councils can provide support and assistance. Media representatives can assist in alerting both producers and consumers of progress with the market establishment.

Vendors or Sellers

For a market to be successful there must be successful vendors or sellers. In general the more vendors that participate the more appeal the market has and the more customers will begin to come to the market. It is important for vendors to realize that others are not necessarily their competition, but are necessary for the market to be successful. When establishing a market, there needs to be an initial list or organizational meeting of the vendors to discuss operation of the market. Some markets can be successful with three to five vendors but most vendors believe that ten or more make for a more successful market. A rule of thumb that some markets have followed is that one vendor can be supported by 800 residents—so a community of 2,000 could support a farmers market with about three vendors. However, a successful farmers market will attract customers from a larger trade area so it is difficult to predict how many vendors could be supported in any given area. Initial publicity should attempt to identify all possible vendors that may want to participate. From that response, a determination can be made of: 1) whether there is enough interest to establish a market, 2) possible organiza-

tion of the vendors or sellers, and 3) operational procedures for the market.

Location and Facilities

A market location that is visible, accessible, with adequate parking nearby and room for expansion should be considered. Space that is leased or rented will require a fee charged to the vendors. For that reason, most markets begin in “free” space such as a vacant lot, a public parking area, a town square, a church or a community center, or a vacant private parking area. Community officials can allow the use of public areas and can determine any local ordinances that may prevent market operation. The possibility of using privately owned land can be explored with the owner. Insurance or zoning regulations may prevent use of such space for a market.

Market customers appreciate easy access to, and adequate space for, nearby parking. This should include a safe entry with good visibility of the parking area. The size of the parking area will be determined by the size of the market and number of vendors. The parking area should be distinguished from the selling area and cars restricted from the area where vendors are located. Temporary barricades or traffic “cones” can be used to separate these areas.

Vendor space will vary with the size of the display that the vendor plans to establish. Many vendors sell from the back of trucks or vans, so spaces that are at least 15 feet wide are suggested. Some markets have smaller, half spaces available for vendors who sell from a small table or display rack.

The decision on where individual vendors are located in the selling area can be determined by the market manager on the basis of presenting an attractive mix of products throughout the market. Other markets assign vendors a “permanent” space for the season. Many markets operate on a “first come” basis for deter-

mining space assignments. Customers may associate locations and vendors, so appreciate some type of consistent pattern of locating specific vendors.

Most markets do not provide any facilities for selling products. The vendors are expected to provide their own tables, racks, shelter covers, and similar facilities. Some farmers markets provide a cart for transporting heavy items that can be shared by vendors. Access to garbage disposal facilities is important since there is often defective produce to discard as well as other trash. Access to electricity and water may be desirable but is seldom available in the public areas where farmers markets are traditionally located.

Operating a Farmers Market

Details of market operations should be prepared well in advance of the start of the market and made available to any potential vendors so the “rules and regulations” are well understood before the opening of the market. It is usually best if these can be summarized in written form. A local advisory group or organization of vendors should review the rules of operation and make modifications as necessary. The following topics should be addressed in the rules of market operation:

■ Management and leadership.

Some markets utilize a “market master or manager” to oversee the operation of the market; others operate with an elected advisory or management group to oversee operation of the market and alter rules and regulations as necessary. Some individual hired or elected, should be designated as a source of information, arbitrator of problems or disputes, and decision maker throughout the year. There should be an opportunity for all vendors and other interested community leaders to meet and discuss ideas, elect or appoint leaders or officers, and express opinions.



Well-kept displays indicate high quality products.

■ **Hours of operation.** Hours and days of operation should be agreeable to vendors, local businesses, and customers. Start the market when a good supply of produce can be assured and stop when the good supply is no longer available. Many markets start in late May to early June and operate until mid to late October. If most vendors have only summer vegetables a late June to mid-September operation may be best. Most markets operate on Saturday mornings, but other weekdays can be used. Some operate on selected evenings when businesses may be open. It is best to start on a once per week basis and expand days of operation later.

■ **Products.** Generally, products consist of fresh fruits and vegetables, eggs, honey, flowers, other home-produced items, and, in some markets, crafts and related items. Some markets limit sales to only “homegrown” items, produced by the seller. Others may allow some “shipped in” items if local products are not available at that time of year. Some markets restrict vendors to a certain geographic area and discourage outside “peddlers” from selling in the market. The appeal of the market is greatest if the vendors are local producers while some outside items are often needed to supplement a good display of produce.

■ Containers, weights and measures. Sellers usually provide their own containers; however, some markets make bulk supplies of sacks, bags, and boxes available for vendors to purchase. Products offered for sale by weight should use a certified scale. Information on the types of scales to use and certification of scales can be obtained from the Kansas Division of Weights and Measures (address listed later). Items sold by the piece, box, bag, or other units can be sold and priced accordingly.

■ Stall fees. Expenses in insurance, employing market managers, publicity, bookkeeping, notices and mailings, and facilities purchases usually require some type of fee for the vendors in a farmers market. Fees should be reasonable for expected expenses and encourage, rather than discourage, vendors.

Fees may be charged on a "flat rate" basis or graduated based on sales volume. Some markets offer a lower fee for small space vendors. Fees for a season-long vendor may be less than for an occasional vendor. Lower fees may be charged for organization or association members with higher fees for "outside" vendors or peddlers. Fees may be associated with a "permanent" stall for the season. In establishing a new market, a proposed budget of expenses, expected vendors, and duration of the market can be used to determine a fair stall charge. Fees can be adjusted in subsequent years.

■ Clean-up. Vendors are usually responsible for cleaning up the market area and leaving it clean. Most customers expect that vendors of food items will present displays of sound, healthful items in a clean atmosphere. Sloppy "housekeeping" results in a poor reputation for the entire market.

■ Local regulations. Local zoning and health regulations should be explored prior to the establishment of the market. City or community governmental

units can provide information on any local ordinances that are in effect to limit specific market operations.

■ Sales tax collection. Each seller is responsible for sales tax on products sold. Some markets collect sales taxes and report sales on behalf of the entire market while others require vendors to account for their own sales taxes. Taxes can be added to the price of produce or included in the selling price. Vendors should be aware of the tax rate to be charged.

■ Insurance. Injuries may occur at a farmers market. Farmers markets that operate on private land should check with the land owner for insurance limitations. Many farmers markets purchase group insurance on behalf of the market vendors. Individual sellers should check their farm or personal insurance policies concerning coverage of sales in a farmers market situation. Insurance costs will vary depending on coverage, community, and market size.

Advertising and Promotion

For a market to be successful an effort must be made to inform customers and potential vendors that a market is or will be in operation.

Local editors, area reporters, radio or TV stations, community development and civic groups, and other local leaders should be informed and involved in promoting the benefits of a farmers market to the community. Local merchants may assist in advertising when they see that a farmers market can bring additional customers into the business district. This type of "free" publicity can be invaluable in stimulating interest in the market.

Additional advertising can be effective in reminding customers of products available each week. Newspaper and radio ads, posters, and fliers can be used through the year. All vendors should

remember that customers are potential advertisers so reminding customers to “come back,” “tell your friends,” “see you next week” and “we’re glad you shopped here” are effective forms of advertising.

Some markets have special feature days, contests, demonstrations, craftsmen or artisans, or information that can be featured in advertising to attract customers. Information about the crops, varieties, storage or preparation suggestions, recipes and other printed materials may be useful in building customer appreciation with an associated advertising benefit.

Selling in a Farmers Market

1. Using the Market Outlet Effectively

A farmers market is an opportunity for the large or small producer to sell directly to the public. It provides a way to market your products that benefits consumers in a direct way. There are several things that must be considered when marketing in this way:

■ **“Atmosphere” of the market.**

Most customers participate in a farmers market for the experience that it provides, in addition to purchasing food or related items. You must convince them that you have a high quality, nutritious, flavorful, product at a reasonable price.

■ **Don’t lose the “people touch.”**

A friendly greeting, a thank you, and taking time to visit with customers is what this type of market offers that is different from many others. Keep the people touch with your customers.

■ **Involve the family.** Many vendors make marketing a family project. Children learn valuable experience in making change, responding to customer questions, providing personal service—carrying heavy items to cars—and keeping displays filled and attractive.

■ **Keep your displays neat and your image positive.** Take time to restock your displays and discard defective items. Many markets require the seller to be identified with a sign or logo. Most people relate to who you are and where you are from.

■ **Your competitors are *not* your enemy.** During each market session there may be other vendors selling products similar to yours in competition with you. *Competition* is a natural part of any marketing process. There must be competition to make the market large, diverse and active. Numerous vendors make the market larger and potentially more prosperous. Each seller needs to assess his or her abilities to compete and coexist alongside others. In a successful market many “competitors” can each reach an effective part of the total market sales.

■ **Build loyalty.** In successful marketing it is important that you attempt to build a reputation among your customers so they will return in future weeks and years, tell their friends about you, and allow you to expand your offerings. A friendly greeting and expressing your appreciation for their purchases can help build that customer loyalty. Offering to replace defective merchandise can also build loyalty, as can providing helpful information about the produce you are selling. Most people will not take advantage of you, and they appreciate your emphasis on quality and customer service.

■ **Rome was not built-in a day.**

This old adage emphasizes that successful marketing takes time. Establishing yourself in a market, so that you and your products are recognized, cannot be accomplished overnight. *A set of written records will allow you to compare the growth of your operation from week to week and year to year.* Everyone must start somewhere and everyone who sells in a farmers market had to “pay their dues” by getting their operation started.

2. Pricing and Merchandising Strategies

There is probably no single aspect of selling in a farmers market that causes more discussion, and often more problems, than prices and selling strategies. Each seller must determine his or her approach to pricing and merchandising. The following comments describe some important considerations.

■ Know your production costs.

Costs are the basis for pricing. You must have some general idea of what it costs you to produce. Remember to include all types of costs including land, equipment, supplies, labor, equipment operation and depreciation, marketing costs, and transportation in calculating what it costs to produce an item. Each producer will have slightly different production costs, depending on the operation. For this reason, there may be differences in prices among growers based on their production systems.

■ Don't forget marketing costs.

Many growers forget that costs are involved in marketing including transportation, advertising, containers, signs, stall fees, insurance, and the time spent in the market. Your actual costs need to include these expenses as well.

■ Know the demand. It is essential that you have some estimate of what the demand for certain products may be in any given week. Some types of produce such as sweetcorn, tomatoes, or muskmelons will be sold in large quantities while other minor vegetables will not be in as great a demand. The supply that you have may not correspond to the demand. You can, however, by creative displays, suggestions, advertising, and marketing "hustle," increase the demand for any product. Some techniques for building demand include:

- stress the advantages of your product;
- avoid over-packaging or encour-

age all types of purchases by multiple types of packaging;

- creative display techniques;
- offer point of sale or "tag on" sales suggestions;
- give samples;
- use "attention getters;"
- know your product and information about it;
- encourage the customer to buy more for canning, freezing, later use, etc.

■ Price your produce fairly. Pricing your product so you make a return above your production and marketing costs, based on the demand for your product, is important. Don't apologize for your prices. Take a positive attitude. Always emphasize the quality and value that come with your product. You can offer a lower price for quantity purchases to encourage volume buying. You may also want to consider price "lining"— offering several levels of quality for different prices. You also should know your competition and realize that customers will be making comparisons of your product with others. Your prices must be somewhere in line with your competitors or you may not be able to exist in the market.

At the end of each market session you should evaluate your pricing strategies and determine what you will do next week. Most customers won't understand a constantly changing price strategy, so the key is to make only minor changes as you go along. Customers will always remember if you try to raise prices but seldom comment if prices are lowered. There always will be some customers that will complain about prices no matter where they may be set. Carefully evaluating your operation may reveal that the reason customers are not purchasing from your stall may be because of factors other than your prices.

3. Suggestions for Signs

Signs are an effective way of communicating in farmers markets. Signs can not only communicate information but also give identity and recognition to your operation as well. It is suggested that each vendor in a market have a sign or logo that clearly identifies the operation. Some suggestions for using signs are:

■ Make sure signs are readable.

Use large enough letters to be easily read from a distance of 5 to 6 feet, where most customers view your stall. Signs to identify your operation may need to be large enough to be read for 20 to 30 feet down a market aisle. For price signs, 3/4 to 1 inch letters or numbers are sufficient. Larger name signs should have 2 to 3 inch letters.

■ Sources of lettering. A wide variety of lettering materials, from stencils, plastic or vinyl lettering, to paste-on letters, are available that provide quality results with minimal expense. A permanent marker can be used on cards for pricing signs as products change through the season.

■ Use signs to add color. One of the most attractive features of a farmers market display is the variety of colors that farm products offer. Colorful signs can add to the variety and interest. Usually light background with dark lettering is preferred, but colors other than white could be used.

■ Keep it simple. Use as few words as possible to communicate your message. Use abbreviations such as lb., \$, ¢, /, when possible.

■ Signs to indicate varieties or quality. Most customers like to know the varieties or quality features of your products. "Great for freezing" or "low in calories" are phrases that help to sell your products. Identifying varieties can ensure repeat customers for that variety next week if they are satisfied.

4. Display

An attractive display is important in selling produce. You can differentiate your operation from others in the quality and uniqueness of your display.

Use contrasting colors and place different colored commodities together for contrast. Use backgrounds or table covers that contrast with the produce but are not gaudy or overpowering. Make sure your produce is clean, neatly arranged and regularly inspected for defective items.

Keep your displays full, as customers will be encouraged to buy when displays are fuller. Make sure all prices are easy to see but do not interfere with the view of the produce. Having the products at a reachable height and distance from the customer is important. Avoid distractions for those who want to "browse" or look over your displays. Keep used boxes, trash, and defective items out of sight.

Make sure your products are fresh by misting with water regularly or by storing them in insulated cartons prior to display. Some of these cartons can be used as display cartons with the tops removed. Consider packaging products in sacks or boxes and not allowing customers to take your display containers. Some highly perishable items may only be offered for sale if displayed on ice or water containers. If you use such containers, make sure that excess water does not drip onto your other displays or cause a hazard in the aisle of the market where customers may slip or get their clothes soiled.

Conclusion

Farmers or community markets offer unique opportunities to foster community involvement and economic development. They offer a market outlet for horticultural crops sold by persons supplementing their incomes via excess garden produce or farmers who have diversified their farm operations to include horticultural crops.

A market gets diverse members of the community working together for a common goal which will benefit all parties involved. For a market to be successful, it will require good planning, community enthusiasm and commitment, and high quality produce.

Additional Help

For more information on growing fruit and vegetable products in Arizona, contact your local University of Arizona County Extension Office or the Plant Sciences Department, The University of Arizona, Forbes 303C, Tucson, Arizona 85721. Telephone: (602) 621-1945.

For more information on marketing of agricultural products and services available to producers, contact the Arizona Department of Agriculture, Commodities Promotion and Development, 1688 West Adams, Phoenix, Arizona 85007. Telephone: (602) 542-0978.

For more information on scales, scale inspection, and regulations regarding weights and measures contact the Arizona Weights and Measures Department, 1951 West North Lane, Phoenix, Arizona 85007. Telephone: (602) 255-5211.

For information on health regulations regarding products that must be handled in sanitary conditions or products that must be handled in certain ways for sale in a farmers market, contact your local county health department or the Arizona Health Services Department, 1740 West Adams St., Phoenix, Arizona 85007. Telephone: (602) 255-1000.

For information on regulations on local zoning ordinances or other restrictions that may apply to the operation of a farmers market in a community, contact the local city or county government.

For more information on sales tax, registration procedures for filling tax receipts, and tax rates, contact the Arizona Revenue Department, 1600 West Monroe, Phoenix, Arizona 85007. Telephone: (602) 255-5673.

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