More Change Than You Think: Tracking Oregon Farmers' Markets and Their Managers 1998-2005

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Introduction

In recent years, the number of farmers' markets has increased rapidly in both the United States and Oregon (Thilmany and Watson 2004). According to USDA statistics, the number of markets in the United States grew by 111% over the period 1994 to 2004 to a total of 3700 markets in 2004. (USDA-AMS 2006). Focusing only on the net increase in markets, however, hides the full extent of change. The 1753 markets in the 1994 USDA database were not simply joined by 1947 new markets over that ten year period. A more complete accounting must track all of the markets that opened over that period and also all that closed. In this paper, we carry out that task for Oregon and document that for the period 1998-2005 the net increase of 30 markets is exceeded by the 32 markets that closed and dwarfed by the 62 new markets that opened.

It should be no surprise that not all farmers' markets succeed. Brown (2002) has previously documented highly variable growth rates in numbers of markets as well as long stretches in which the number of markets declined. But her research looked at net changes rather than the actual numbers of new and failed markets. Related research on small business survival rates provides a more useful basis for beginning this study. According to Bureau of Labor Statistics data, about 10% of all small businesses close in a given year and a similar percentage of new businesses open. More specifically, this research documents that new businesses are less likely to survive than existing businesses with 34% of new businesses failing in their first two years and a total of 56% failing in the first four years (Knaup 2005).

This article fills a significant gap in our understanding of farmers' markets and a caution to the nearly unrestrained enthusiasm for their spread by providing a more detailed examination of the changes in market numbers and market management for the period 1998-2005 in Oregon. This additional information should challenge prospective markets to more carefully consider their startup decisions and should motivate existing markets to take a hard look at their own performance and plans. The data presented here will also help the diverse organizations including universities, state departments of agriculture and state farmers' market associations that provide educational services to markets and managers to recognize the size and nature of the challenge that they face.

In this report, we track the status of individual markets and examine annual data for:

- The net increase in markets.
- The number of new markets that open.
- The number of markets from the previous year that closed. Technically these are markets that did not reopen and therefore the change is noted in the subsequent year.
- Changes in market managers from the previous year.
- Changes in market location from the previous year.

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All of the tables except Table 4 present the data for seven regions within the state in order to further highlight the year to year variability in results. This paper focuses on quantifying these changes and provides only limited discussion of the underlying reasons.

The data cited here were gathered from the *Oregon Farmers' Markets* brochure for 1998-2005 inclusive. Prior to 1998, no organization compiled a list of all markets in the state. The Oregon Department of Agriculture published the brochure from 1998-2002, and the Oregon Farmers' Markets Association thereafter. The information was taken from the brochure as published with a limited number of exceptions detailed in the Appendix.

The number and regional distribution of Oregon farmers' markets for the years 1998 to 2005 are shown in Table 1. For this period, the number of markets increased by 30 or an average of 4.3 markets per year. The growth was uneven, however, as the state gained as many as twelve markets in one year (2000-2001) but actually lost a market in another (2003-2004).

Table 1. Number of markets by region

	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Portland Metro	13	18	17	20	18	21	22	25
Willamette Valley	10	12	13	17	20	19	18	18
Southern Oregon	8	6	7	8	9	8	7	6
Eastern Oregon	1	1	1	2	5	5	5	5
Oregon Coast	4	4	6	9	7	7	7	9
Central Oregon	1	1	1	1	1	1	1	3
Columbia Gorge	1	1	1	1	1	1	1	2
Annual total	**38**	**43**	**46**	**58**	**61**	**62**	**61**	**68**

New Markets and Closed Markets

While most government reports and press accounts focus only on the growth in the number of markets, further analysis of the annual market listings provides the opportunity to gain a more detailed understanding of the changes in this sector. Table 2 provides annual information on new markets and closed markets from the base year of 1998 until 2005. As an example, Table 1 indicates that the number of markets in Oregon grew from 38 in 1998 to 43 in 1999. Table 2 more precisely documents that between the end of the 1998 season and the beginning of the 1999 season, 11 new markets opened and 6 existing markets closed. Over the entire 1998-2005 period, 62 markets opened and 32 closed for a net gain of 30. These are startling numbers, even for those familiar with the sector. The number of new markets for this period is much higher than is generally recognized and averages nearly 9 markets per year or 14% of the total markets open. This is significant because new markets request much more assistance than established markets and therefore the workload for education providers varies more as a function of the number of new markets rather than as a function of the net increase in markets.

The number of markets that closed during this period of substantial growth in markets is equally surprising. These 32 failed markets highlight the fragility and risk associated with operating a farmers' market and is a part of the story rarely mentioned in the glowing articles on the development of this sector. The overwhelming majority of markets that closed had short life spans as 15 markets (nearly 47%) did so following their first season and 24 of the 32 failed markets (75%) closed during the first three years of operation. Examination of the 16 markets that opened in 2001 reveals that eight or 50% failed within the first four years. Both sets of data demonstrate that failure rates for new markets are broadly similar to failure rates for small

businesses. Most markets that close are small. They close for a combination of four reasons: (1) an inability to attract sufficient vendors (supply), (2) an inability to attract sufficient consumers (demand), (3) low administrative revenue, and (4) insufficient management often provided by a poorly paid or volunteer manager. (Stephenson 2006; Stephenson et al. 2006) Although failed markets are an unpleasant experience for their organizers, vendors, and customers, the "churning" within the overall market sector that these data portray, the opening of new markets at the same time that others are closing, should be recognized as having positive aspects as well since poorly performing markets are disappearing while potentially stronger ones are opening.

The last line in Table 2 parallels the results in Table 1 by revealing a high degree of year by year variation in the numbers of both new and closed markets. On average, almost nine markets per year opened, but in 2001 sixteen markets opened while in 2004 only four markets opened. There were no significant federal or state level policy initiatives that were driving these year by year differences; they resulted from independent decisions by the diverse types of groups that chose to open farmers' markets. Neighborhood associations, local governments, groups of vendors, and business associations are the primary market organizers. There was less variation for closed markets as the average was 4.6 and the yearly numbers were all between two and six. The regional data further highlight the season-by-season variation as, for example, new markets that opened in Portland Metro in a given year ranged from one to seven during this period. Figure 1 provides a graphic portrayal of the data from these first two tables.

Table 2. New (N) and closed (C) markets, by region and by year.

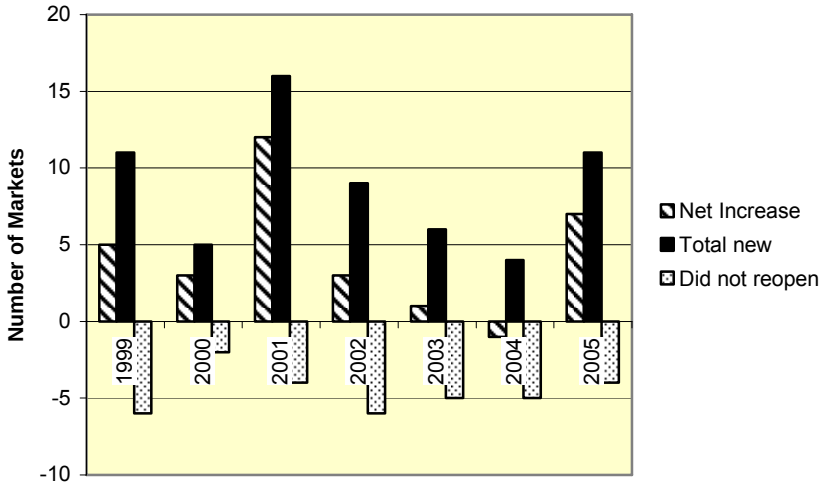
	1998	**1999**		**2000**		**2001**		**2002**		**2003**		**2004**		**2005**	
	***n*=**	**N**	**C**	**N**	**C**	**N**	**C**	**N**	**C**	**N**	**C**	**N**	**C**	**N**	**C**
Portland Metro	13	7	2	1	2	4	1	1	2	4	1	2	1	3	-
Willamette Valley	10	3	1	1	-	5	1	4	1	2	3	-	1	3	3
Southern Oregon	8	1	3	1	-	2	1	1	-	-	1	1	2	-	1
Eastern Oregon	1	-	-	-	-	1	-	3	-	-	-	1	1	-	-
Oregon Coast	4	-	-	2	-	4	1	-	2	-	-	-	-	2	-
Central Oregon	1	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Columbia Gorge	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Annual total	38	11	6	5	2	16	4	9	6	6	5	4	5	11	4

New Managers

Table 3 documents the number of markets that began a season with a different manager from the one who finished the prior season. For the seven-year period, 101 existing markets changed manager from one year to the next. This represents an annual average of 14 markets or 25% of markets. As in Table 2, both the annual totals and the regional data show substantial year-by-year variation. With very few exceptions, these new managers had not previously managed a farmers' market.

Since, by definition, all new markets open with a new manager, the 62 new markets can be added to arrive at a grand total of 163 new managers for this period. Once again with rare exceptions, the new markets were managed by individuals without prior market management experience. On a percentage basis, 59% of Oregon markets opened with the manager from the previous year and 41% were either new markets or existing markets with new managers. Table 4 summarizes manager status data on an annual basis.

Figure 1. Tracking year by year changes in Oregon farmers' markets.



From an educational standpoint, one key implication in Oregon has been a consistently high level of demand for the most basic level of market management training and mentoring. These training services have been provided by the Extension Service and the statewide farmers' market organization through annual conferences, print and web publications, a dedicated list serve, and one on one meetings.

Table 3. Existing markets that reopened under a new manager.

	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Portland Metro	4	5	4	6	2	8	4
Willamette Valley	2	2	3	6	6	5	1
Southern Oregon	4	0	1	1	2	4	3
Eastern Oregon	0	1	1	1	2	1	2
Oregon Coast	2	2	3	2	2	1	1
Central Oregon	1	1	0	1	0	0	0
Columbia Gorge	1	0	1	0	1	0	1
Annual totals	14	11	13	17	15	19	12

Table 4: Summary of manager status by year.

	1999	2000	2001	2002	2003	2004	2005	Total	Percent
New Markets	11	5	16	9	6	4	11	62	16%
Existing market, New manager	14	11	13	17	15	19	12	101	25%
Existing market, Returning manager	18		29	35	41	38	45	236	59%
Annual totals	43	46	58	61	62	61	68	399	

Location Change

Table 5 shows, by year, the number of markets operating on a new site. Over the seven year period, there were 46 changes in location or an average of just over 6.5 changes per year.

These figures do not include new markets, which also must learn to operate in new sites. Few markets change their site by choice. In almost all instances they have been forced to look for a new site because the former site was no longer available. Location changes add to a management burden that already includes the need to enforce market rules and diverse governmental regulations, to manage the selection of vendors and products, to attract customers and community support, and to meet environmental challenges such as weather, paucity of site amenities and parking space (Stephenson 2006).

Table 5. Number of markets changing locations.

	1999	2000	2001	2002	2003	2004	2005
Portland Metro	0	3	3	4	3	5	1
Willamette Valley	2	1	2	2	2	2	1
Southern Oregon	0	3	1	0	2	1	0
Eastern Oregon	0	0	0	0	1	2	0
Oregon Coast	0	1	1	0	0	1	0
Central Oregon	0	0	0	0	0	0	0
Columbia Gorge	1	0	0	0	0	1	0
Annual totals	3	8	7	6	8	12	2

Summary

Although it has been widely reported that farmers' markets have grown in recent years, few observers have recognized what lies behind the commonly cited numbers. While Oregon saw an increase from 38 markets to 68 markets during the period 1998-2005, the even more dramatic figures from this period are that 62 new markets opened and 32 markets closed. Over this time period, the failure rate among Oregon markets was roughly similar to the failure rate among small businesses. During the same period, 101 existing markets re-opened the following season with a new manager. Adding in the 62 new markets means that 163 markets, or on average 23 per year, opened a season with a new manager. In addition, many markets each year must change their location.

These more complete numbers are important for several reasons. First, they provide dramatic evidence that even in a period of rapid expansion both existing markets and prospective market organizers must recognize that many markets do not succeed. Second, the educational challenges for working with new markets and new managers are much greater than has been previously recognized. For this period at least, there were twice as many new markets as has been assumed, even more new managers, and frequent location changes. The growth of farmers' markets is all the more remarkable given the magnitude and types of changes that individual markets cope with on an annual basis.

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Appendix

- In the *Oregon Farmers' Markets* brochure, the Sherwood Saturday Market was reclassified from the "Willamette Valley" region to the "Portland Metro" region beginning in 2003. Klamath Falls was moved from the "Southern Oregon" region to the "Eastern Oregon" region in 2004, and on to "Central Oregon" in 2005. In this report, each market remains in its original region, and changes in market dynamics are recorded according to markets' original regional designators.
- Although it is not listed in the 1999 brochure, the Beaverton Wednesday market operated that year and is counted as such in these calculations.
- The Eastbank Farmers' Market opened in 2003, but was too late to be listed in that year's brochure. Although it does not appear in the brochure until 2004, we have included it in the figures for 2003.
- Specialty or holiday markets with a separate listing in the brochure have not been treated as separate markets for the purposes of this report. All were closely associated with an established farmers' market.