

Oregon Small Farms Technical Report



Research Brief: How Do Farmers' Markets Affect Neighboring Businesses?

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Introduction

The overall economic impacts of farmers' markets include:

- The direct impact of market sales;
- The indirect impact of market sales
 - Increases in other farm sales generated by presence in the market
 - Multiplier effect of market sales;
- Spillover sales generated by farmers' market shoppers who also make purchases at neighboring businesses.

This fact sheet focuses on the third of these elements. Since 1998 we have collected information on this issue at a series of markets in the Northwest. Each local situation is unique so it is important not to interpret the results too broadly. Still, the sum of the results do provide some insights.

Survey Results

All data discussed in this fact sheet are summarized in Table 1. More complete results are provided in the individual market reports.

QUESTION: Do farmers markets attract people downtown, or do they merely sell to people who are already there?

When we started our research in 1998, we viewed this as an unknown and asked this question on multiple occasions in the two towns of Corvallis and Albany, Oregon. The data demonstrated that the markets themselves were the primary draw for shoppers in both Albany (88%) and Corvallis (78%). The question also included a "partial reason" category (5% and 10% respectively) so the drawing power of the markets is clearly the overwhelming reason for people being downtown. As a result, since 1998 we have not asked this question at weekend markets.

Midweek markets are a different story. We asked this question at midday, midweek markets in both Portland and Eugene Oregon. In both instances, market management was surprised by the results. In Eugene, a town of 150,000, 45% of the shoppers were downtown not because they lived or worked there but rather because of the market itself. In the larger town of Portland (more difficult to get there and to find parking) 24% of the shoppers came downtown specifically to attend the market. Both results indicate a higher than anticipated drawing power for the markets.

QUESTION: Once there, do farmers market shoppers also shop at neighboring businesses?

This question was asked in 7 markets, 6 in Oregon and 1 in Idaho. The results indicate that between 33% (Beaverton, OR) and 65% (Grants Pass, OR) of those attending the market also did additional shopping at neighboring businesses on the same trip. While the presence of the market may dissuade some potential shoppers from coming downtown, these data demonstrate that farmers markets are a net draw and provide the opportunity for neighboring businesses to make additional sales. Retailers with complementary products are in the best position to profit from the influx of customers.

Hillsdale market shoppers responded to a slightly different question but provided similar results. Forty percent of the Hillsboro shoppers indicated that they had increased purchases at local shops and restaurants as a result of their shopping at the market.

QUESTION: How much do farmers' market shoppers spend at neighboring businesses (on the same shopping trip)?

Table 1 presents data for 7 markets. The dollar figures are based on customer estimates and are more likely to be under- rather than overestimates. The raw dollar figures are given further context for six of the markets by indicating the percent of in-market spending that the spillover spending represents. In the case of the Corvallis market in 1998, the \$11,000 spent at neighboring businesses represented 87% of the money that those same consumers spent in the market. The spending ratios range from a low of 31% to a high of 92%.

The comparison between Corvallis and Albany, two neighboring Oregon towns, is an interesting one. The two markets are of roughly similar size. The spillover spending is much higher in Corvallis for two reasons. First, the Albany market has earlier hours (8 AM to Noon versus 9 AM to 1 PM) and therefore more market shoppers arrive before many of the downtown businesses are open. Secondly, the Corvallis market has more retail stores in close proximity to the market. Other towns that exhibited particularly strong spillover sales were Grants Pass and Moscow, ID. Both have compact downtowns and attract shoppers from the surrounding area.

Cautions on Interpreting the Data

- Each market is different.
- For any given market, some retailers may experience a benefit from spillover sales while others find that their sales have been reduced.
- In collecting data in farmers' markets, some shoppers are reporting what they have done; others are reporting what they intend to do. Both can lead to inaccuracies.

Table 1: Impact of Selected Oregon Farmers' Markets on Neighboring Retailers, per Market Day in Indicated Years

	% Downtown specifically for market	% Who also shopped outside market	Estimated total spent OUTSIDE market	Estimated total spent INSIDE market	Spending ratio: outside market/ inside market
Weekend Markets					
Corvallis (1998)	78	63	\$11,000	\$12,700	0.87
Albany (1998)	88	38	\$ 4,400	\$11,400	0.39
Hollywood District, Portland (2000)	NA	47	\$16,200	\$30,687	0.53
Grants Pass (2001)	NA	65	\$22,000	\$24,000	0.92
Beaverton (2002)	NA	33	\$38,400	\$125,000	0.31
Hillsdale (2002)	Forty percent of respondents reported more frequent trade with neighborhood shops and restaurants as a result of shopping at the market.				
Moscow ID (2003)	NA	55	\$19,360	\$25,554	0.76
Weekday Markets					
Portland Wed (2000)	24	NA	NA	NA	NA
Eugene Tue (2000)	45	NA	NA	NA	NA
Portland Th (2003)	NA	42	\$10,545	NA	NA

Research conducted by Oregon State University Extension Small Farm Program 1998-2003 and by the University of Idaho and Rural Roots (Moscow Report). Additional information available: <http://smallfarms.oregonstate.edu/techreport.htm>.