

Recognizing the Strengths and Limitations of Farmers Market Ownership Structure Alternatives

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Introduction

Farmers markets are widely recognized for their important roles in developing local food systems, supporting small farms, increasing local economic activity, help address issues around food access and security, and providing community building opportunities. Markets typically were organized and operated by farmers themselves; over the last fifteen years, however, other groups have organized and operated most new markets. This report examines major gaps in our understanding of this important market channel by detailing how market ownership influences market operations and identifies strengths and weaknesses of different ownership alternatives.

In February, 2014 managers of 25 farmers markets in Oregon were interviewed about general characteristics of the market, management and decision-making processes, market mission and goals, and resources available to the market. Data from these interviews were analyzed to see how markets with different ownership structures operate differently.

Key Findings

Market ownership categories

Three distinct categories of market ownership were developed based on the legal status of the market organization and the composition of the governing body. In terms of ownership, markets can either be independently run (the market organization is legally recognized as its own entity), or they can be a subentity (the market operates under the legal auspices of another organization). Markets were then classified based on governing body membership into those with primarily vendor board members (vendor-led) and those with primarily community board members (community-led). As shown in this table, three categories emerged with approximately equal representation: vendor-led, independent (referred to as 'vendor-led markets'), community-led, independent (referred to as 'community-led markets'), or subentities (which in nine out of ten cases are community-led).

Table 1- Ownership categories of market organizations

	VENDOR-LED	COMMUNITY-LED
INDEPENDENT	7	8
SUBENTITY	1	9

Vendor-led markets:

Vendor-led markets more frequently have the mission of supporting local agriculture. These markets are membership-oriented and are more rooted in their agricultural tradition and commitment to advancing the interests of farmers. However, they are also limited by the fact that board members (mostly vendors) have less time to work on market issues than the community board members in the other two market types. Vendor-led boards also have a smaller web of connections in the community. This means that the market may be limited in its ability to pursue additional sources of revenue (i.e. grants, sponsorships, or donations) and extend market impact in the community through partnerships, social efforts (i.e. SNAP matching program) or outreach activities (educational activities).

Additionally, having a governance-only board means it is up to the manager to devote time to expanding market programs, building partnerships and relationships that can increase market capacity and success, and creating a market environment that maintains a balance between vendor interests and community needs. Under this structure, a manager who is well connected to the local community is very important in developing community partnerships and building social capital for the market organization.

Independent, community-led markets:

Community-led markets generally have missions that address community needs but also prioritize vendor success very highly. These markets benefit from having boards composed of diverse community members because this provides the social capital and networks that can help markets access additional resources and increase their broader impact and success. In this research, community-led markets more frequently relied on other forms of revenue (i.e. grants, sponsorships, and fundraising), provided SNAP match programs, and engaged in educational and outreach efforts (i.e. kids programs, gardening or cooking education, marketing efforts to reach particular groups like elderly, low-income, etc.).

It is clear that, having a board that is more involved in market operations provides numerous benefits. It can help the market organization pursue additional programs and resources that can expand its impact as a whole. In doing so, the market can increase community buy-in, create more “local” ownership of the market, and ensure that the market is successfully embedded in the community. While these activities may seem outside the purview of a traditional farmers market, they can increase community embeddedness which is necessary for market success. The challenge of this form of ownership is that the market must be built from scratch by a group that, unlike a vendor-led market, will not receive direct economic benefits from the new market.

Subentity:

Markets that are organized and operated as subentities have potential advantages but also limitations. The support the parent organization provides to the market through a dedicated budget, paid employees, etc. is crucial when assessing how much the market benefits from this form of ownership. Furthermore, it also depends on the long-term relationship between the market and the parent organization. A market receives the most significant benefits from this structure if it is truly a *project* of the larger organization. When the market and the organization share a legal designation, the benefits are much more limited. Specifically, sharing a legal designation can enable the use of a 501c(3), tax-exempt status and allow market organizers to forego work on establishing legal framework for a separate organization.

Since these markets more frequently focus on community building and addressing community needs, farmers and even shoppers may feel neglected as compare to the other two alternatives. While the subentity approach may provide a short-cut to getting a market up and running, it cannot assure the success of the market.

Key Lessons:

Markets are becoming more diverse in the interests they serve and the roles they play in communities. While the overall trend is away from vendor-led markets and new markets as more frequently developing under community-led and subentity structures, all three ownership types will continue to be observed in Oregon. The following lessons are offered based on the new insights that the research provided about the three ownership types:

- 1) Vendor-led markets highlight the critical importance of local agriculture to all markets regardless of the ownership structure.
- 2) Managers of vendor-led markets must also take on additional community-oriented functions to build partnerships, access additional resources, and ensure community embeddedness.

- 3) Some form of community ownership has become the new standard in order to relieve farmers of this burden. This has strengthened the “localness” of the markets but in some cases reduced their agricultural links.
- 4) All markets can benefit greatly from having involvement from diverse community members. This allows a market to tap into additional resources, build partnerships, ensure community buy-in, and increase its overall impact.
- 5) Starting a new market requires mobilizing considerable human and financial resources. In some circumstances working with a well-established community organization can be very helpful. Doing so can help alleviate the stresses of forming a legal and organizational structure and provide access to resources and relationships that may be instrumental for the market. This relationship between the market and a parent organization does not have to be permanent and the market can eventually develop its own governing structure.