

A Guide for Developing a Farmers Market in Tennessee

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2023



DISCLAIMER

This publication is for educational purposes only and does not constitute legal advice or an interpretation of the law. Information in this publication is not intended to be a substitute for the services of a legal professional or regulatory oversight.

ACKNOWLEDGMENTS

Appreciation is extended to the Tennessee Department of Agriculture and the Tennessee Farmers Market Association for the number of ways these organizations provide support to farmers markets and for the many ways they have supported the development of this publication. In addition, a University of Tennessee Extension publication (PB 1770) titled, "A Guide for Considering and Developing a Farmers Market in Tennessee" was published by Rob Holland, Megan Bruch Leffew, and Charles Hall in 2007. Appreciation is extended to these authors for their leadership in developing that publication, which has served market managers and vendors for many years.

Photos provided courtesy of Franklin Farmers Market, UTIA Marketing and Communications, pexels.com, and unsplash.com.



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List of Acronyms

DUFB	Double Up Food Bucks
EBT	Electronic Benefit Transfer
EIN	Employer Identification Number
NAICS Code	North American Industry Classification System Code
POP	Power of Produce
SAM	System Award Management
SFMNP	Senior Farmers Market Nutrition Program
SNAP	Supplemental Nutrition Assistance Program
UE ID	Unique Entity Identification Number
USDA	United States Department of Agriculture
WIC	Women, Infants and Children



Chapter 1. Introduction

The United States Department of Agriculture (USDA) defines a farmers market as, “a common area where several farmers gather on a recurring basis to sell a variety of fresh fruits, vegetables, and other farm products directly to consumers.”¹ The number of farmers markets in the United States has increased dramatically from 1,755 in 1994, when the USDA began recording the number of farmers markets, to 6,964 current farmers market listings reported in 2023.² Markets continue to increase as consumers seek out locally produced products and communities strive to offer opportunities for residents and tourists to support the local economy and access nutritious food.³ While many of the main decisions and challenges facing market leaders remain the same over time, some practices must adapt to meet changing regulations, technology and consumer preferences. This educational publication was developed in response to the need for a concise resource and guide for individuals interested in the development and management of farmers markets in Tennessee.

While each market is unique, the success of a market depends upon meeting the needs of consumers and support from local agricultural producers, stakeholders and the surrounding community. To aid in the understanding of the challenges, benefits and considerations of developing and managing a farmers market, this publication covers the following topics:

- **Chapter 2:** Assessing the interests and needs of stakeholders and consumers for establishing a farmers market to make decisions regarding the type of vendors, location and facilities.
- **Chapter 3:** Determining the business structure and establishing leadership, as well as steps to form the entity with the state, developing market rules and recordkeeping.
- **Chapter 4:** Developing funding through vendor fee structures, sponsorships, and grants as well as risk management and marketing strategies for a successful market.
- **Chapter 5:** Complying with and utilizing state and federal programs including marketing resources and Food and Nutrition Service programs to increase access to nutritious foods and increase sales.
- **Chapter 6:** Making informed decisions by collecting data and evaluating metrics.
- **Chapter 7:** Implementing this information and additional resources available.





Chapter 2. Considerations for Establishing a Farmers Market



When considering the development of a new farmers market, the first step is determining whether there is sufficient interest from the community including potential vendors, customers and community leaders. Assess the resources, locations and facilities available; the needs of target customers; and potential success of the market. The following sections will outline the main considerations when establishing and developing a farmers market including community benefits and challenges; stakeholder and community interest; and analyses of the market, location and facilities.

A. Community Benefits and Challenges

While farmers markets provide agricultural producers with the opportunity to sell products directly to consumers and potentially to a larger customer base than if marketing individually, there are many benefits farmers markets provide for communities, as well. Some of these benefits include a place to gather, opportunities to build relationships, access to nutritious foods, and community economic development. Markets can offer a regular activity for families and friends and a destination for tourists to experience the local community. Market events and activities often include educational programs, such as cooking demonstrations using fresh produce, or festivals celebrating seasonal offerings, which build community relationships and a sense of belonging for frequent visitors. Markets provide an opportunity for social engagement and community connections with an estimated 15 to 20 social interactions per visit to a market compared to only one or two per visit to a grocery store. Such social interactions have been found to result in positive impacts on the health and well-being of market visitors.⁴

Farmers markets can often draw customers to a particular business area and help keep dollars local. This can assist with small business development and downtown revitalization programs. A study of the Easton Farmers Market in Pennsylvania found that 70 percent of the market customers were shopping at downtown businesses, spending up to an additional \$26,000 weekly. As this study indicates, markets can provide a convenient opportunity for customers to support other nearby businesses. Markets also increase food access by providing fresh, high-quality produce for consumers in a shopping environment where fruits and vegetables are celebrated.⁵ Another benefit of farmers markets includes retaining land in agricultural production and providing a connection with agricultural producers in an urban environment.⁶ All farmers markets and the benefits each provides are individually unique. Visit the Farmers Market Coalition at farmersmarketcoalition.org to learn more about the benefits of farmers markets.



Development and management of a market can also present challenges. Some of these may include opposition from competing businesses; restrictive ordinances or regulations; or lack of funding, space or support. Special interest groups may have influence with planning boards or other organizations that could potentially hinder market success. Issues vary based on the community and current business environment. The market's success depends on addressing challenges and collaborating with many stakeholders and partners. Ensure the community is aware of the many benefits of hosting a farmers market when navigating various challenges.

B. Stakeholder and Community Interest

Stakeholders of a farmers market often include local government (mayor, city managers, parks and recreation, police, and health departments), Chamber of Commerce, University of Tennessee and Tennessee State University Extension, Tennessee Department of Agriculture (TDA), tourism boards, and local business owners. Nearby businesses will typically experience an increase in traffic on market days and may be willing to sponsor the market in various ways or partner to offer experiences and events for customers. Successful markets result from the efforts of many people coming together from various parts of the community to actively support the growth and development of the market.

As some farmers markets are held on property the county or city government manages, the local government, business owners and other community leaders are typically important stakeholders in the success of a market. These leaders can be helpful partners in establishing and developing a market, as well as identifying and connecting individuals with similar goals who could provide assistance or leadership to the market, including potential sponsors or board members.

Discuss the idea of starting a farmers market with community leaders and potential vendors to determine whether a new farmers market is viable given current regulations or ordinances and sufficient stakeholder and vendor interest and support exists. Plan an initial interest meeting for all interested in establishing a market, including stakeholders and potential vendors. Holding a public interest meeting can provide the opportunity to reach a wider audience that may be interested in starting or supporting a farmers market as well as reveal any potential opposition or concerns. At each interest or initial planning meeting, collect contact information and identify individuals who are willing to assist with specific tasks should a new farmers market be established.





CHECK IT OUT

Find farmers markets to visit in Tennessee using the [Pick Tennessee Products](#) platform.

CONSIDER THIS

As part of the target market analysis, it can be helpful to develop customer profiles describing typical traits and needs of an individual of each identified market segment. An example of a farmers market customer profile could include:

- ▶ A mom with two children.
- ▶ Early 30s.
- ▶ Upper- or middle-class income.
- ▶ Urban city.
- ▶ Willing to drive approximately 30 minutes.
- ▶ Utilizes social media to find child-friendly events and experiences.
- ▶ Values community relationships and social interaction.
- ▶ Seeking healthy food options for the family.
- ▶ Values opportunities for children to meet farmers and ask questions.

C. Market Analysis

If there is sufficient stakeholder and vendor interest and individuals with various skill sets are willing to commit to working toward developing a market, the next step is to complete a market analysis to assess the needs of the target audience and demand for a farmers market. Does sufficient demand exist for a farmers market to be established? To answer this question, complete a market analysis. A market analysis provides a thorough overview of:

- ▶ Industry trends.
- ▶ The competition.
- ▶ The target audience.

To analyze market trends, census data, surveys and other data sources can be utilized to gain a well-rounded view of the marketplace for farmers markets. Personal observations, individual interviews and focus group meetings with key stakeholders can also provide insight into trends that could influence the market. Visit farmers markets in the nearby area and in communities with similar demographics to observe the products and services offered, as well as the purchasing decisions and behaviors of the shoppers.

The target audience refers to consumers who have a need or want the market can fulfill (e.g., a desire to purchase local produce, honey or fresh cut flowers) and the ability to purchase the products. The target audience can be broken down into segments with similar needs and characteristics. These groups, or market segments, can be used to develop a marketing mix to meet the needs of the target customers, which includes the products, prices, place and promotion of the farmers market. The marketing mix is offered referred to as the 4Ps of marketing.⁷

To identify the needs of the target audience and form market segments, farmers market leadership will often utilize free online survey software programs and/or social media polls or questions. When developing a survey, partner with local organizations or governmental agencies to assist in the design of the survey and strategies to reach the intended target audience. The survey will be used to steer and determine market characteristics and offerings by defining the needs and preferences of potential customers. The survey should be specific and tailored to the market under consideration. A poorly designed or implemented survey instrument will likely lead to results that do not represent the needs and interests of the community or intended audience. Perhaps the target audience wants prepared foods such as baked goods and salads, or a community with a high population of families with young children may want youth activities and opportunities to sample unique fruits and vegetables. Ask prospective customers about operational days and times and expectations in terms of vendors (producer-only or resale, crafts, and/or food vendors). Many farmers markets begin by operating once a week and add additional days or locations if consumer demand supports such growth and expansion. The types of markets and vendors to gather prospective customers preferences about can be found in the next section. More information about developing a marketing mix to meet the needs of target customers and writing a marketing plan is available in UT Extension publication D 197-C, "[Business Planning for Agricultural Operations: Marketing Plan](#)."⁸



D. Types of Vendors

The number and type of vendors of the market should be determined by the demand or interest of the consumers as identified in the market analysis, as well as the vendors willing to participate. Some markets are producer-only, and others allow resale, while others include food trucks and craft vendors. A pop-up market does not have a business or organizational structure and often consists of vendors showing up for an informal market, similar to a roadside stand, without guidelines or rules in place regarding what products are allowable for sale. This publication will focus on markets that do have a business or organizational structure and does not provide information or guidance regarding pop-up markets.

A farmers market will not be successful without agricultural producers. How much a farmers market can grow and succeed depends on its ability to recruit and retain vendors that can meet the needs of consumers. Some vendors travel long distances and pass up markets in closer proximity to the farm location to sell products in higher income areas or at a market with consumers willing to purchase niche or specialty items the vendor produces. Gain a thorough understanding of the supply and demand of markets in the area, existing dynamics and needs of the audience to ensure the vendors and farmers market are meeting a need in the marketplace.

The Tennessee Department of Agriculture [Pick Tennessee Products](#) platform can provide a starting point to identify local producers. Signage in local agricultural stores and social media posts can have a wide reach to find potential vendors. The chamber of commerce or local businesses may also provide assistance in recruiting vendors.

Consider the experience target customers are looking for and needs identified in the market analysis. How will those expectations be met with the number and variety of vendors?

What kind of products will be available? The types of vendors at the market should be influenced by the needs of the target customer and the time and days the market is open will impact what products consumers may be interested in, as well. For example, markets that are open during the day near office buildings can attract workers on a lunch break and vendors may increase sales by offering items for immediate consumption, such as salads or sandwiches, along with other items.

What types of vendors will be allowed at the market? A producer-only market allows customers to meet the farmer and ask questions regarding production practices, meeting the needs of customers who value such opportunities and supporting local food production. However, markets that allow resale of goods and artisan vendors can meet the needs of consumers seeking unique craft items or place a high value on convenience by being able to purchase a wider variety of products in one place. The following two sections define these types of vendors further and present additional considerations.





1. Producer-Only Versus Resale Vendors

According to the Farmers Market Coalition, “Producer-only means that vendors at the market sell only what they themselves produce — resale of items purchased elsewhere is prohibited or severely limited.”³ A resale vendor purchases fruits, vegetables or other items from a supplier and resells the products to consumers. Define the types of vendors, producer-only or resale, that will be accepted at the market and specify in market rules or vendor agreements how such policies will be verified and enforced.

2. Artisans and Food Vendors

A wide variety or diversity of products at a farmers market can attract customers. Handiwork from local artisans and craftspeople can complement food products and potentially increase all vendors’ sales. Market bylaws should dictate the policy regarding food and craft vendors. Some markets only allow crafts that are agriculturally related, like ones made with wood or wool. As with other market characteristics, the market leadership should guide and communicate the balance and allowance of craft and food vendors at the market

E. Location

Where will the farmers market be located? A market location that is convenient to visit is extremely important. When choosing a location, consider the community demographics and needs of the target customers, including typical schedules and locations customers frequent.

Consider the following questions regarding the location:

- ▶ How far are consumers and vendors willing to travel to the market?
- ▶ Can customers walk to the market?
- ▶ Is public transportation available?
- ▶ Is the location visible from major roadways or in a high-traffic area?

Locations with higher populations, particularly family-oriented communities, tend to have higher traffic counts, providing vendors with the opportunity to reach a large number of customers. Furthermore, areas that are family-oriented tend to prepare meals at home more and are willing to shop at farmers markets.⁹ Consider the locations and operating hours of other nearby farmers markets or businesses that may be considered complements to the market as well as competition. While a metropolitan area may offer a high population to visit the market, there may already be many established farmers markets in the area. Utilize the surrounding community and customer availability and/or proximity to maximize location. Is the location available on particular days and times when customers would be likely to frequent the market?



F. Facilities

The market location should remain as permanent as possible so customers become familiar with the site and facilities. The types of facilities and amenities of farmers markets vary widely as does the maintenance of such facilities. The following two sections will provide information about the facilities and maintenance representative of many farmers markets in Tennessee.

1. Types of Facilities

In some communities, consumers enjoy the experience of shopping outside or under a pavilion in the summer months, while others may have a large facility to shop indoors throughout the year.

The facilities of a farmers market often depend upon the funding and ownership of the market. Many markets are held on property managed by the local government, such as a park or another public space, particularly if the market itself is operated or managed by the local government. Markets can also be held in covered facilities, such as a pavilion or enclosed buildings. Facilities that are easily accessible and provide amenities to meet the needs of customers can increase the likelihood of satisfied customers and a successful market. The following questions should be considered regarding the market facilities:

- Are restrooms available?
- Is ample parking available for both vendors and customers?
- Can vendors easily bring in products even in large vehicles or trailers?
- Are the facilities suitable for various weather conditions including cover and ground surface?
- Is electricity available? Will each vendor have access to electricity?
- Is the market accessible to those with limited mobility?

2. Maintenance of Facilities

Considering and discussing the maintenance and cleaning of the facilities where the farmers market will take place with all stakeholders is an important step of establishing a new farmers market. If the facility is owned by the city or county, cleaning and maintenance can impact budgets and employee management. Will the market leaders and vendors be responsible for cleaning and maintenance of the facility following the market or will a public works or sanitation department be handling that responsibility? Many vendor applications include statements concerning cleaning the vendor space and removing any trash from the area used by the vendor. Cleaning and maintenance of the parking lot, restrooms, if available, and other common areas should also be considered. Clearly defining the expectations regarding responsibilities for the use and maintenance of the facilities including funding for repairs or upgrades to facilities can mitigate issues in the future

CONSIDER THIS

If the market will be held outdoors without cover, consider low-lying areas and the ground surface. The ground can still hold water or unsuitable for large amounts of foot traffic for a few days after a rain event. Will the market be held in unsuitable weather? How will vendors and customers be notified should the market need to cancel due to weather if facilities do not provide proper overhead cover and ground surfaces for the market to be held?

FARMERS MARKET ESTABLISHMENT CHECKLIST

- Determine business structure
- Establish leadership
- Establish business name
- Prepare bylaws
- Determine business addresses
- Prepare and file Charter
- Register business with the Department of Revenue
- Apply for Federal EIN
- Determine fiscal tax year
- Identify NAICS Code
- Register for SAM UE ID
- Develop Market Rules
- Establish financial recordkeeping methods



Chapter 3. Establish the Business Structure and Management

CHECK IT OUT

The Sustainable Agriculture Research and Education (SARE) program, with funding from the National Institute of Food and Agriculture, U.S. Department of Agriculture, provides a [Farmers' Guide to Business Structures](#) publication available online.¹¹

After determining there is sufficient need for a farmers market, completing a market analysis to understand the needs of the target audience, and securing a location and facilities for the market to be held, the next steps include developing a business structure and establishing rules and recordkeeping methods.

Although a farmers market could operate under any legal business structure, typically, independent farmers markets operate as a for-profit or nonprofit corporation, with some forming a limited liability company (generally referred to as an LLC).¹⁰ The information in this chapter will provide guidance regarding forming a new corporation and may not be applicable for farmers markets forming or operating under a different business structure. The following sections will provide information about establishing a business structure and steps to form the entity with the state, developing market rules and recordkeeping.

A. Determine the Business Structure

Choosing a business structure is an important decision for a farmers market as it impacts the following:

- The extent of personal liability for market owners and employees.
- Taxation.
- Decision-making in terms of who makes decisions and the methods of implementation.
- Eligibility for donations and grant funding.
- Rules and privileges regarding the use of volunteers.

A farmers market could operate under any legal business structure such as a sole proprietorship, partnership, corporation, or cooperative, among others.¹¹ Many farmers markets operate as a limited liability company (LLC) or corporation as sole proprietorships and partnerships do not protect personal assets of owners from business liabilities. Some farmers markets operate under the direction and business structure of a larger “umbrella organization”, such as the city or county government, chamber of commerce, or another established organization.¹⁰ As such, most farmers markets must develop a board of directors and file for a charter with the [Secretary of State](#), which are described in the following sections.

CHECK IT OUT

The Tennessee Department of Revenue provides guidance for new businesses with a step-by-step guide for establishing a business entity and filing appropriate documentation with the state at tn.gov/revenue/for-businesses.



B. Establish Leadership

Depending upon the business structure chosen, a corporation would need to establish a board of directors or an LLC would need to establish decision-making methods and processes among any owners. Many farmers markets also designate or employ a market manager to operate and manage the market. A defined leadership structure and chain of command is needed to establish authority and set the market up for success. The following two sections will describe the roles and responsibilities of the board of directors and paid or volunteer staff.

1. Board of Directors

If a business structure has been chosen the requires a board of directors, board members will need to be identified and appointed. Each board member's name, address, phone number and social security number must be provided in order to register the business as a corporation with the Tennessee Secretary of State.

A board has three legal duties, the duty of care (actively participating in organizational planning and decision making), duty of loyalty (putting the interests of the organization or nonprofit first), and duty of obedience (ensuring compliance with all federal, state, and local laws and regulations). A board exists to ensure that the mission is protected, the organization has the resources it needs to implement its mission, the leadership is evaluated regularly, and no laws are broken.¹²

Board members are there to volunteer expertise and help advance the mission of the organization. A board comprised of many different skillsets and backgrounds is helpful. Those with skills such as marketing, finance and grant-writing experience, along with agricultural producers should be considered. Considering that most markets serve a wide range of constituents, the board should strive to reflect the population being served. A board should be diverse not only in gender and ethnicity, but in age, life experiences and professional skills to have ideas and discussions considering many different perspectives.¹¹

When developing a new market, there are many tasks and responsibilities for board members, which are commonly delegated to a chair or president, secretary and treasurer, among others. The chair or president should be an individual capable of leading the market efforts and guiding other market leaders and meetings. The duties of other leaders may vary depending on the market. The secretary needs to keep well-organized records of communications and meeting minutes. Often, a market secretary oversees market communications with both vendors and the public. The secretary may also be responsible for ordering supplies such as signage, keeping the organization's records and accepting vendor applications. The treasurer should manage the financial affairs of the market, including collecting income or handling deposits, paying expenses, overseeing financial records and providing financial reports. Responsibilities of each board position should be clearly defined, and the organizational goals should be outlined to focus the efforts of the board. The Tennessee Attorney General's office provides a guidance document, [What Every Board Member Should Know](#), to help board members understand common roles and responsibilities.¹²





2. Paid or Volunteer Staff

Well-trained staff members are critical for the success of the market. Whether paid, volunteer or a mixture of those options, various staff roles are critical for leadership of various duties, effective outreach, and communication with vendors and customers. The duties of the market staff may vary and depend on the market size, structure and programs. The market may need multiple full-time staff, a part-time manager, a volunteer group or a combination of these options.

The most important role at the farmers market is the market manager. The market manager's duties are typically described in the market's rules and regulations and include selecting vendors, allocating booth space, collecting fees, enforcing rules, resolving conflicts and keeping records, among other tasks. The market manager has many responsibilities and should have certain skills and characteristics to make the market a success including being highly self-motivated and providing excellent customer service. The manager must be able to multitask and make decisions for the good of the market. A manager should handle conflict when necessary and implement the policies and standards of the market equally. A good market manager is aware of the needs of the vendors and the community the market serves.

Other roles may be taken on by additional staff or volunteers. For example, some markets have found having a separate social media manager who is responsible for overseeing and implementing social media strategies is a helpful addition so the market manager can focus on market operations. Even if all these roles described do not exist for the market, the various responsibilities of leading and managing the market should be defined, and an individual assigned to that duty to ensure the market can function and operate successfully.





C. Prepare and File Documentation

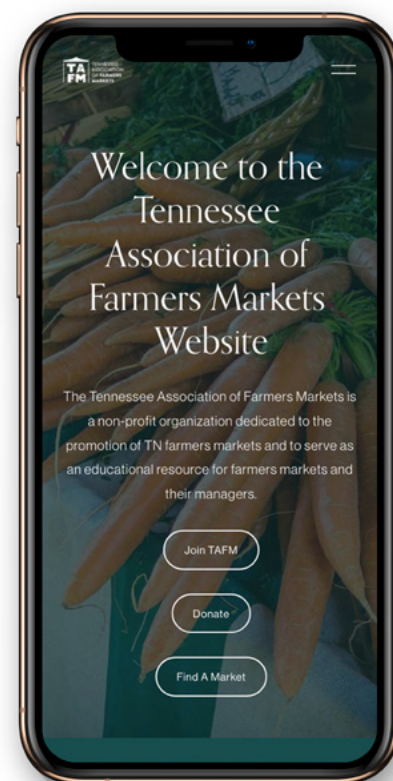
After establishing a board and any other leadership positions, an LLC or corporation can establish a business name, prepare guiding documents, and complete and file appropriate documentation with the local, state, and/or federal government to commence business operations, file taxes, and become eligible to receive federal funds. The following sections will provide details about such documentation for corporations and may not be accurate for other business structures. The steps outlined below should typically be completed in order when forming and registering a new business with the appropriate governmental agencies. More details about forming a new business can be found on the Tennessee Secretary of State website at sos.tn.gov.

1. Establish a Business Name

The first step of legally establishing a business is to choose a business name that has not already been claimed with the State of Tennessee through the Secretary of State. Visit the State Name Availability database to verify the desired name is available. If the name is available and the farmers market is not ready to register as a business yet, the name can be reserved for a period of 120 days by completing and filing the Business Name Reservation Form SS-9425 at sos.tn.gov. This step reserves the right to the business name for the individual registering and does not establish the entity as a legal business. Filing the name reservation form is not required if the market is ready to register as a business as the name will be reserved when registering as a business with the Tennessee Secretary of State.

2. Prepare Bylaws

Bylaws are essential in helping an organization map out its purpose, define leadership and determine decision-making systems or guiding principles. Bylaws serve as the legal guidelines of the organization, and the organization could be challenged in court for its actions if it violates them. Bylaws often include how often members will meet, requirements for membership and responsibilities of positions and employees, including the market manager. Therefore, details regarding the practical day-to-day details of managing the market that may vary over time should not be included in the bylaws. Rather, this information should be developed as a standalone document often referred to as the Market Rules or Market Guidelines (visit Chapter 4, Section D below for more information on market rules). Find examples of bylaws and other documents that may be helpful in establishing expectations and guiding leadership on the [Tennessee Association of Farmers Markets](https://www.tnfarmermarkets.com) website.





3. Determine Business Mailing Addresses

Typically, a farmers market is held in a physical space where the market cannot receive mail. Determine who will be responsible for receiving mail and disseminating information to board members or market leadership. For some official documents, multiple addresses may be needed such as registered agent mailing address for receiving official documents, the primary executive or where market mail can be sent such as the address of the secretary or other leadership.

4. Prepare and File Charter Application

A charter must be filed with Tennessee's Secretary of State before a for-profit or nonprofit corporation can commence business operations by completing a form and submitting payment. Instructions and the online application are available on the Tennessee Secretary of State website at tnbear.tn.gov. Form SS-4417, Charter For-profit Corporation and Form SS-4418, Charter Non-profit Corporation are also available online at sos.tn.gov under Business Forms and Fees.

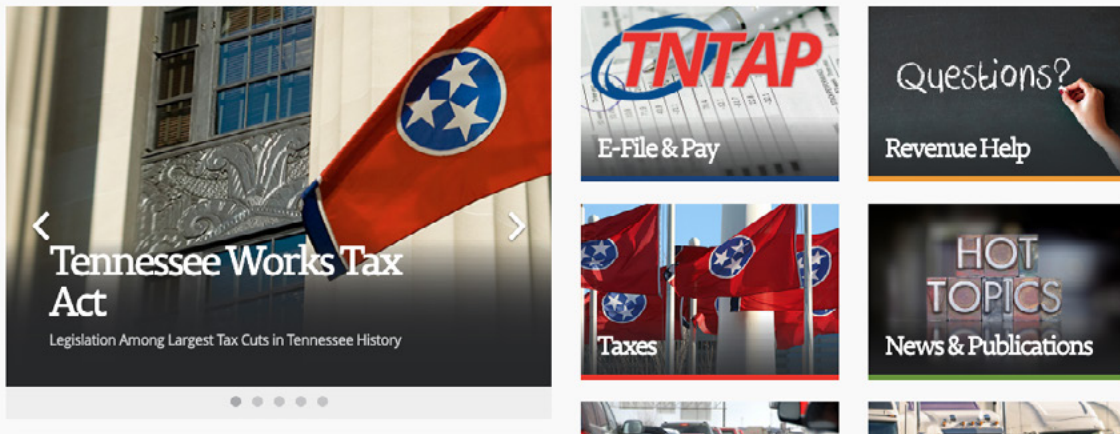
If accepted, the corporation can commence business operations under the charter, or Certificate of Authority, which means the corporation can then sign contracts, obtain business licenses, apply for a tax identification number, and conduct business activities. The last, and extremely important step, is to file the newly acquired charter with the appropriate county clerk. Failure to register with the county will invalidate the charter for the organization.

5. Register the Business with the Tennessee Department of Revenue

After receiving the charter, the entity must now register with the Tennessee Department of Revenue as a business. The effective business start date is the date the tax obligation begins. There are three different kinds of tax that may apply to farmers markets:

- Business tax and business licensing.
- Franchise and excise taxes.
- Tennessee sales and use taxes.





The organization will also need to determine its taxable income on the basis of a tax year. A tax year is an accounting period for keeping records and reporting income and expenses. Useable tax years are the calendar year (beginning January 1 and ending December 31) or a fiscal year (12 consecutive months ending on the last day of the month). Instructions and the online application to register a new business or a tax exemption application are available on the Tennessee Department of Revenue website at tn.gov/revenue.

For business tax, according to the Tennessee Department of Revenue, “Generally, if you conduct business within any county and/or incorporated municipality in Tennessee, then you should register for and remit business tax. The business tax is a tax on the privilege of doing business by making sales of tangible personal property and services within Tennessee and its local jurisdictions.”¹³ Any farmers market that operates at a location for more than six consecutive months and with gross annual sales of more than \$3,000 needs a business license. When a farmers market registers with the state, a business license is needed as well from the county clerk and, if located in a city, with the city recorder as well. Vendors who are the producer of agricultural items sold at a farmers market are not required to have business licenses and are not subject to business tax on these products. Agricultural producers are encouraged to visit the Tennessee Department of Revenue’s website for updated information on business tax and licensing as laws may have recently changed.

If the market applies as a nonprofit entity, there is no income tax liability for Tennessee’s franchise and excise taxes. For-profit Corporations and LLCs do have filing and payment requirements. Further information and education on franchise and excise taxes is available through the Department of Revenue at tn.gov/revenue.

Finally, Tennessee sales and use tax applies to items of tangible personal property the market might sell. Contact the Tennessee Department of Revenue with any questions at 615-253-0600 or by email at revenue.support@TN.gov.

6. Apply for an Employer Identification Number

After registering the business with the Secretary of State, the organization can apply for the Federal Employee Identification Number (EIN). An EIN is a unique nine-digit number that identifies the business for tax purposes with the federal government and is similar to a Social Security number meant for business related items. As a corporation, an EIN is required to open a business bank account, apply for business licenses, and file state and federal taxes. For information on obtaining an EIN, visit the Internal Revenue Service website at irs.gov.





7. Identify the Business North American Industry Classification System Code

The North American Industry Classification System Code (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing and publishing statistical data related to the US business economy. The Tennessee Department of Revenue requires a NAICS code for all business tax and sales tax registrations. Refer to [census.gov/naics](https://www.census.gov/naics) to find the applicable code. Farmers Markets typically use NAICS Code 445230 for the code description.

8. Register for System Award Management Unique Entity Identification

Organizations must complete the System Award Management (SAM) registration and receive a Unique Entity Identification (UE ID) to bid on and be awarded federal grants or contracts or to receive federal funds. SAM is a database that includes every entity that is registered to do business with the federal government including for-profit and nonprofit businesses, corporations, government contractors, government subcontractors, state governments and local municipalities. To see comprehensive instructions and checklist for entity registration, visit [sam.gov](https://www.sam.gov).

When applying for a UE ID, the precise legal name of the business is the exact name needed to use in SAM. The business's EIN, bank account information and bank account routing number will be needed for the application, as the government agencies will pay funds through the SAM system and deposit funds directly into the organization's bank account.

Every entity (company or person registered with SAM) must have an Entity Administrator who is the individual authorized to make changes to the SAM account. For farmers market boards, this person is often the secretary or treasurer. Once the application is filed, processed and approved, the organization can apply for various federal grants.





D. Develop Market Rules

Market rules and regulations can help the organization map out its purpose and the practical day-to-day details of how the organization is managed. The market rules and regulations should include operational information such as dates and times of the market, products allowable for sale, fees, and any behavioral or performance standards to help minimize vendor conflict by establishing expectations and penalties for noncompliance. The rules and regulations should be evaluated every year to ensure the rules laid forth are enforceable, current and applicable for the organization. The rules should be upheld and enforced by the market leadership and manager.

Market rules often include a statement of purpose. The statement of purpose could be short, similar to a mission statement, or a longer paragraph to include the goals and intended impact of the farmers market. This statement should be regarded and consulted as a guiding principle when developing each rule and making decisions that impact the market development and management.

Typically, after two to three years of operation, the initial excitement of establishing a new market can wear off and leaders can become tired of managing daily tasks. Well-written bylaws and rules can help reduce the number of decisions and issues leaders have to address.¹⁴ Examples of market rules are available on the Tennessee Association of Farmers Markets website at tnfarmersmarkets.org.

E. Establish Financial Recordkeeping Methods

Establishing and maintaining thorough bookkeeping and recordkeeping methods are vital for any business to make informed decisions regarding how resources and financing will be used to realize financial, marketing and operational goals. Accurate recordkeeping and organized financial statements including a balance sheet, budget, income statement and cash flow statement allow market leadership to measure and evaluate the financial state of the operation.

For financial records, many farmers markets choose to use accounting software or hire a bookkeeper. There are many software packages commercially available for managing all aspects of a farmers market and the Tennessee Association of Farmers Markets can provide guidance when choosing a bookkeeping or recordkeeping software program. An electronic query search will pull up several companies and a committee can explore the options. A bookkeeper with experience assisting farmers markets or similar operations can be extremely helpful. Local Certified Public Accountants often have relationships with bookkeepers who may be familiar with farmers markets or similar organizations. With a clear understanding of the current financial state of the operation and projections of how investments could impact profitability, farmers market leadership can make informed decisions regarding the future.





Chapter 4. Market Operations



Careful planning and marketing are essential to operating a successful farmers market. A mixture of vendors offering a variety of high-quality products provides customers with a well-rounded market experience. To reach customers, a thorough marketing plan should be developed for the market. Overseeing all these efforts and other management decisions will be completed by the market staff. The following sections provide information about finding and recruiting vendors, developing a marketing strategy, and effective staff characteristics and roles.

Market management software can be helpful to streamline processes and communications such as applications, vendor scheduling, market mapping, sales tracking and invoicing. The [Tennessee Association of Farmers Markets](#) hosts educational programs on market management software and can provide mentorship and guidance for market managers when choosing a software program. The long-term success of the market will depend on financial support in the form of fees, grants or sponsorships; mitigating risk and liabilities through insurance; and clear communication of rules and regulations. The following sections provide information about funding, finding and recruiting vendors, risk management, effective staff characteristics and roles, and marketing.

A. Develop Funding

How will the market fund operations and expenses such as wages, advertising, and insurance? There are two main types of fee structures associated with funding a market: vendor fees and commission-based markets. There are also opportunities to fund some market activities through sponsorships and government or privately funded grants.

1. Vendor Fees

Markets may charge vendors daily, weekly, monthly or annually for a vendor space. From this revenue, any employee wages, advertising and additional contracted expenses would be subtracted.



2. Commission-Based Markets

Another method for income at a market is to collect a commission on all sales (e.g., 5 percent) at the conclusion of each market. Vendors pay a defined percentage of sales by self-reporting total sales for each market day and submitting payment.

3. Grants

Farmers market leadership can apply for grants from public and private funding sources. A suitable place to start searching for funding and support is within the community where the market will be located. Private companies, such as insurance companies that manage farm clients and local chambers of commerce, may offer grants. The Tennessee Department of Agriculture offers a [Farmers Market Grant Program](#). The US Department of Agriculture (USDA) offers several opportunities throughout the year for eligible applicants. For example, the Farmers Market Promotion Program is a competitive USDA grant opportunity that funds projects that develop, coordinate and expand direct producer-to-consumer markets to help increase access and availability of locally and regionally produced agricultural products. All USDA grants will require a federal EIN number and a SAM UE ID number, as outlined above.

4. Sponsorships

Companies and businesses in the area employing the customers that attend the market are sometimes willing to make a one-time donation. Providing advertising opportunities, such as signage at the market, can encourage sponsorship. Sponsors may also be willing to purchase co-branded giveaway items for market customers that feature the market and business logo or information such as market bags, t-shirts, hats, or even lunchboxes or coolers.

B. Manage Risk

Managing risk is an important aspect of leading any organization or business. As an organized space for commerce, the market entity shares in the liability for food and visitor safety with vendors. Following all laws and local regulations and utilizing well-written bylaws and vendor applications or agreements are vital risk management strategies. Insurance is also an important risk management tool that farmers markets often utilize. Most market applications include a hold-harmless agreement or liability waiver for vendors to sign. Many markets have both a market insurance policy and a requirement for the market to be listed on the vendors policies as well. Consulting with an insurance agent and attorney about the use of insurance policies and hold-harmless or liability waivers is an important step to mitigating risk for a market. Two types of insurance policies are typically purchased for farmers markets: liability insurance and vendor insurance. If the market entity owns the property or facilities, property insurance would also need to be purchased.





1. Liability Insurance

General liability insurance can provide protection for third-party bodily injury and property damage claims. A general liability claim, for example, could be a customer, who while browsing the market, falls over a cord and bumps their head on a table. Since the customer tripped on the market's business equipment, the market may be held liable. Liability insurance is used to protect the organization and board members in the event of illness or injury including consumption of contaminated food purchased at the market. Consult with many insurance companies to find one that is familiar with the needs and risks associated with operating a farmers market.

2. Vendor Insurance

Farmers markets may require vendors including farmers, artisans and food vendors to carry individual vendor liability insurance. Some markets require vendors to add the market as an additional insured entity to their liability policy for additional protection. Liability insurance for both the farmers market and individual vendors can protect the market and reduce risks

C. Marketing Strategies

Developing a marketing strategy takes planning. First, use the target audience profiles developed in the market analysis to develop marketing strategies to meet consumers' needs. The objectives of the marketing strategies would likely include acquiring new customers and cultivating relationships with loyal customers. The following sections provide insight into developing and implementing market promotional strategies and community programs.

1. Market Promotion

While individual vendors will be promoting products being sold directly to consumers, the market should be promoted to bring customers to the market. When developing a promotional strategy, consider how the target audience consumes or comes into contact with advertisements and information. Where does the target audience frequent? What other hobbies does the target audience enjoy? What social media platforms are most utilized to find out about events and information by the target audience? An effective promotional strategy will utilize many different channels to reach multiple target audiences for the market.

A logo that quickly identifies the market and is accessible in terms of color contrast and font choice and size is extremely important. The logo should be utilized in all promotional materials to develop brand recognition, so the logo should be able to be recognized and read from far away and maintain clarity and readability when sized down. Promotional



strategies can include publicity through various media channels, such as social media and traditional media like television, radio, billboards, and newspaper or magazines. Signage, including temporary day-of signage and permanent signage, can be used to increase visibility and attract potential customers.

A website is a helpful way to build credibility and provide consumers with one source of current information. A well-managed market website should include information such as market location and times, upcoming events, details about products and vendors, and information about how to become a vendor. Websites can also include additional resources, such as recipes, to utilize seasonal produce, safe handling and storage for products that could be found at the market, and other nearby attractions to explore the area. Sponsors of the market can also be highlighted on the website.

Social media platforms such as Facebook, Twitter, Instagram and others are often utilized by farmers markets to reach target customers. A social media strategy that includes both entertaining and informational posts should be developed. When posting about vendors and products offered at the market, ensure all vendors are promoted in an equal and fair manner on the market page. Post candid photos of visitors with permission and encourage vendors to share posts. Tagging vendors and requesting customers tag the market in posts can increase reach and engagement. Clear information about the date and times of the market in the about or biography section of a social media page can provide potential customers with the details needed to visit the market. Developing and maintaining a consistent social media presence, even when the market is closed, provides a low-cost method of communicating with customers.

Promotion can also include direct communication through email with customers. Ongoing email contact can include sending an e-newsletter with upcoming events, introductions of vendors, seasonal recipes, and photos of products consumers could expect to find at the market. Email addresses can be gathered by placing a sign-up sheet at the market booth and/or allowing customers to sign up for the e-newsletter on the market website.

The success of the promotional activities should be evaluated frequently and adjusted as needed. The number of visitors to the market can be tracked and used to indicate the success of promotional efforts. Personal interviews or informal surveys of customers during the market can be completed to gain insight into future promotional efforts as well. Even with a small marketing or promotional budget, effective promotional strategies can be implemented to raise awareness in the local community.





2. Developing Community Programs

Hosting programs and events for the community can foster relationships and support and provide the opportunity to promote special occasions to increased interest and visitors. Programs can include festivals, educational programs, children's activities and more. Events should reflect the needs and target audience of the market. If the market is in a family-oriented community, host events with activities for children of all ages such as face-painting, crafts and educational days involving agencies and partners such as the local library or state parks. If the market frequently attracts senior citizens, special senior shopping times and educational programs with topics such as low-impact exercises or recipes for those on special diets might be well-received. Vendors, local businesses and partners are often willing to participate and provide education, plants, produce, seeds or other items for programs and activities at the market. The Tennessee Association of Farmers Markets provides specialty crop event toolkits to assist markets in developing and promoting specialty crop-focused events, which can be found online at tnfarmersmarkets.org/specialty-crop-event-toolkits.



Chapter 5. The Role of State and Federal Programs

The Tennessee Department of Agriculture and the USDA have programs developed to encourage the use of farmers markets and protect market consumers. Pick Tennessee Products, a consumer-facing promotion platform offered by the Tennessee Department of Agriculture, connects consumers to farmers and encourages markets to participate in the program to help consumers find locally grown products. The department also publishes a list of guidelines and requirements for certain items sold at farmers markets. The USDA sponsors a number of Food and Nutrition Service programs such as the Supplemental Nutrition Assistance Program (SNAP); Double Up Food Bucks Program (DUFEB); Women, Infants and Children Program (WIC); and the Power of Produce Club (POP).¹⁵ Further details about these programs offered through the state and federal government and how to host these programs can be found in the next sections.



A. Pick Tennessee Products

Developed in 1987, the Pick Tennessee Products program promotes all the great things that come from Tennessee's farms and food businesses. From produce and pumpkin patches to honey and handmade soaps, and even to find these items at local farmers markets, consumers use the program directories to make a local connection. There is no cost to be included in the directories, listed at picktnproducts.org and on the Pick Tennessee mobile app. However, markets must apply using the [online application](#) available at picktnproducts.org and keep the listing current by providing up-to-date information to the Tennessee Department of Agriculture. Pick Tennessee Products members will receive information about educational, networking, grant and cost-share opportunities available through the Tennessee Department of Agriculture. Farmers market leadership can also encourage individual vendors to apply for and update listings.

B. State of Tennessee Compliance Requirements

The Tennessee Department of Agriculture requires licensing for certain items being sold at farmers markets. Items such as meat, dairy, honey and plants may require regular inspection and permits. These requirements protect the consumer and the producer. The department's Consumer and Industry Services Division monitors a diverse range of materials, products and services to ensure quality, consumer protection, public safety and a fair marketplace. Table 1 (on page 25) lists agencies and resources that can offer assistance in navigating farmers markets regulations.

The Tennessee Department of Health serves as the regulatory authority on food products intended for on-site consumption, including sampling and prepared foods. Visit the Tennessee Department of Health website at tn.gov/health/health-program-areas to find a local health department to consult for current rules and regulations.





C. Food and Nutrition Service Programs

The US Department of Agriculture's (USDA) Food and Nutrition Service works with state-level agencies and partners to inform the public of nutrition assistance opportunities. Their mission is to, "increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthy diet and nutrition education in a manner that supports American agriculture and inspires public confidence."¹⁵ Food and Nutrition Service programs provide nutritional assistance benefits to children and families, the elderly, the disabled, unemployed, and working families by providing eligible recipients with the opportunity to shop at farmers markets using an electronic benefit (EBT) card. The market must apply to be authorized by the USDA to accept these benefits. Common Food and Nutrition Service programs for farmers markets and vendors to utilize include the Supplemental Nutrition Assistance Program (SNAP); Women, Infants and Children (WIC) Program; Power of Produce (POP) Club; and the Senior Farmers Market Nutrition Program (SFMNP). These nutrition programs benefit vendors with additional sales and consumers with increased access to nutritious food. The following sections will provide guidance on obtaining the proper permits and implementing these programs.

1. Supplemental Nutrition Assistance Program (SNAP) and Double Up Food Bucks (DUFb)

Many farmers markets participate in the SNAP by accepting SNAP payments for eligible items. An individual market must apply and be approved to participate in the program. The application is free and can be found on the USDA Food and Nutrition Service website at fns.usda.gov/snap. Programs such as MarketLink assist farmers markets with the application process and sometimes have grant funds available to help with the initial cost of the SNAP approved equipment necessary.

Once the application is approved, the market will have to decide how to structure a system to accept payments. Some markets have a token system where customers use EBT cards in exchange for tokens. The tokens are then spent at a vendor's booth by the customer. Vendors will return the tokens at the conclusion of the market and the vendor is then reimbursed for the monetary value of the tokens. Funds from the EBT cards are electronically deposited into the market's bank account.

Double Up Food Bucks (DUFb) is offered by Fair Food Network, a national nonprofit whose mission is to grow community health and wealth through food. This program matches dollar for dollar, up to \$20 in SNAP tokens for each participant each day. A separate token system must be used, as the funds come from a different reimbursement plan. Similar to SNAP, the DUFb tokens are collected, and the vendor is reimbursed for the value of the tokens. DUFb tokens can only be exchanged for fruits and vegetables. To find the host for DUFb in a community visit doubleuptn.org.

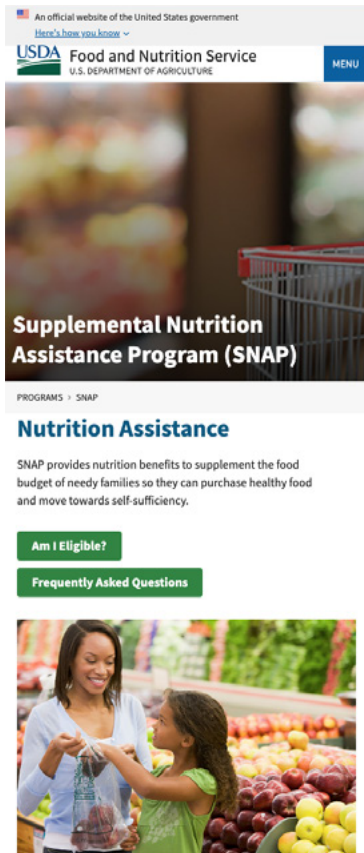




Table 1. Agencies in Tennessee that can offer assistance in navigating regulations or social services programs for farmers markets.

Agency	Resource Link
Tennessee Department of Agriculture - Farmers Markets	Tiny.utk.edu/tdafm
Tennessee Department of Agriculture - Consumer and Industry Services	Tiny.utk.edu/tdacis
Tennessee Department of Health	Tiny.utk.edu/tnhealth
University of Tennessee Extension - Center for Profitable Agriculture	Tiny.utk.edu/cpafm

2. Women, Infants, and Children (WIC) Farmers Market Nutrition Program (FMNP)

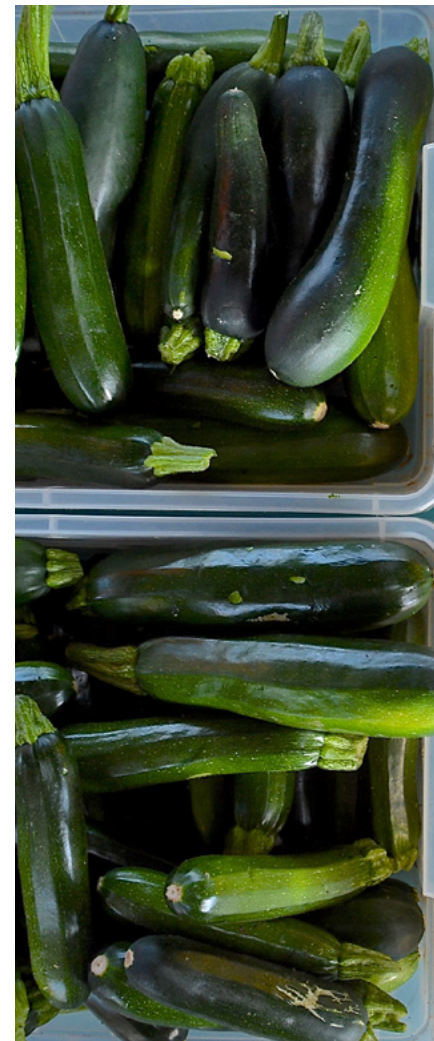
The Women, Infants, and Children (WIC) Farmers Market Nutrition Program (FMNP) is associated with the Special Supplemental Nutrition Program for Women, Infants and Children. The WIC Farmer’s Market Nutrition Program has two goals: to provide fresh, nutritious, unprepared, locally grown fruits and vegetables from farmers markets to WIC participants who are at nutritional risk, and to expand consumers awareness and use of farmers markets. Eligible WIC participants are issued Farmers Market Nutritional Program coupons or vouchers in addition to regular WIC benefits, which can be used to buy eligible foods from individual farmers or farmers markets that have been approved by the state agency to accept program coupons. For information about WIC visit fns.usda.gov/fmnp.

3. Power of Produce (POP) Club

The Power of Produce (POP) Club provides an opportunity for children to engage in the local food system through conversations directly with farmers, educational games and demonstrations, and exposure to new fruits and vegetables. In addition to participating in educational activities, POP Club kids receive vouchers to spend at the market, allowing them to make their own shopping decisions. The Farmers Market Coalition provides a toolkit, guides and templates to help implement this farmers market experience at farmersmarketcoalition.org/programs/power-of-produce-pop.

4. Senior Farmers Market Nutrition Program

The Senior Farmers Market Nutrition Program provides low-income seniors with coupons for use at farmers markets to purchase unprocessed fruits, vegetables, honey and herbs. The goal of this program is to provide incentive to seniors to support farmers markets and encourage healthy eating habits, along with the additional benefit of social engagement and community connections from farmers market visits.¹⁶ [The Farmers Market Coalition](http://TheFarmersMarketCoalition) and the [Tennessee Department of Health](http://TennesseeDepartmentofHealth) provide more information on this program, which is currently offered in select counties for eligible senior citizens.





Chapter 6. Market Metrics



Market metrics can be used to evaluate the success or shortcomings of the operation from year to year. Quantitative and qualitative data should be compiled into a report for board members and stakeholders to use to make decisions and develop a plan and goals for the coming year. Information regarding best practices to follow when collecting data and selecting metrics to track is available through the Farmers Market Coalition.¹⁷

To evaluate the market, the type and amount of information to be gathered, as shown in the next section, will need to be determined and then tracked over time to assist in evaluation and decision-making.

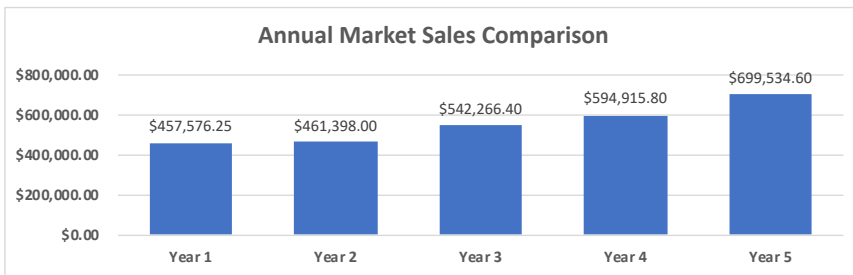
A. Gathering Information

The information to be gathered will change as the market develops and becomes established. For a new market, questions that can help evaluate the general experiences and suggestions of vendors and customers will be helpful in steering the market in a direction that reflects the community's wants and needs. This could look like gathering general information about customers, including age, size of household, distance from the market, products or experiences the customer is looking for in a market, and how the customer found out about the market. Vendors could also provide information about the products that sold best, factors that influence shopper decision-making, issues that could be addressed to improve the market, and a way to provide general comments or suggestions for market management. Established markets can continue gathering general information and feedback as outlined above but can also gather more metrics to assist in continually evaluating and improving the market to meet the needs of vendors and customers. Established markets can consider creating a profile of each vendor to track individual sales and how individual and market-wide decisions affect the sales and attitudes of the vendors. The vendor profile might include the number of years the vendor has sold at the market, distance from the market, promotional strategies, products sold by the vendor each year, and volume or sales data each year to track increased or decreased sales. Market factors that may be influencing sales could include a change in vendor stall or spot assignments, regulations or policies, traffic flow of the market, weather, and the promotional strategies of the market overall, among others.

Table 2. A five-year comparison of market sales including number of vendors and market day of the week.

Year	1	2	3	4	5
Membership	30 Vendors	44 Vendors	61 Vendors	73 Vendors	86 Vendors
Tuesday	\$191,667.50	\$176,742.60	\$211,019.20	\$204,554.20	\$229,967.40
Wednesday	\$17,057.00	\$19,699.20	Not applicable	Not applicable	Not applicable
Thursday	Not applicable	Not applicable	\$30,276.00	\$38,480.80	\$43,489.80
Saturday	\$248,851.75	\$264,956.20	\$300,971.20	\$351,880.80	\$426,077.40
Total Annual Market Sales	\$457,576.25	\$461,398.00	\$542,266.40	\$594,915.80	\$699,534.60

Figure 1. A five-year comparison of annual market sales.



B. Tracking and Evaluating Metrics

Many online tools or even Microsoft Excel can be used to compare metrics such as total sales, satisfaction and visitor counts. These metrics and other data can be helpful in making management decisions. An example report of quantitative data is provided in Table 2 with annual market sales per market day offered, and the number of vendors attending the market in the corresponding year. In this example, the particular market is open three days per week. In Year 1, sales were not strong on Wednesdays, which could indicate that either the location was not ideal, the day of the week was not satisfactory for customers, or consumer demand did not support holding the market three days per week. The following year (Year 2), sales increased, but not significantly. In Year 3, the market changed the Wednesday market day to Thursday. The next three years show a steady increase in sales, indicating the change in the day of the week influenced sales. If market sales continued to decline after the third year when the day of the week changed to Thursday, a change of location, varying promotion methods, or other changes could be considered as alternative strategies. The Tuesday and Saturday markets continued to have steady sales increases each year, indicating the location, time and day of the week were meeting the needs of vendors and customers.

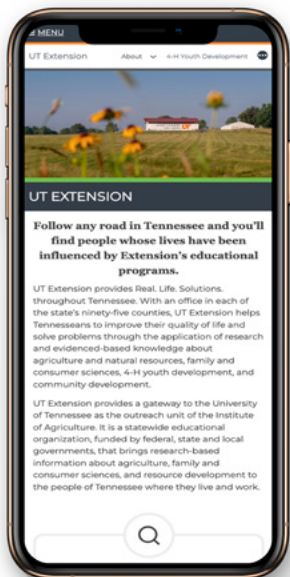
Figure 1 shows data from the same market as in Table 1. The data shows that each year, sales steadily increased within the organization. However, Figure 1 does not provide the sales data for each day of the week, so market leadership would not be able to make the decision to move the Wednesday market to Thursday without tracking and evaluating data by market day.

Monitoring the health of the market can be managed by comparing the number of sales, expenses, revenue, vendors, visitors and satisfaction of vendors and customers, among other metrics. By capturing and monitoring these metrics, market leadership is better prepared to make informed decisions to improve the market. Market metric forms and software programs can aid in collecting and analyzing data. Information and educational classes about choosing and utilizing such tools is available through the [Tennessee Association of Farmers Markets](#) and the [Farmers Market Coalition](#).¹⁸





Chapter 7. Summary



The success of a market depends on thorough planning and dedicated leadership. As consumer preferences for locally grown products have increased, farmers markets have provided an opportunity for producers to connect with customers on a regular basis in a local community. This guide is intended to assist those involved in the establishment or management of a farmers market. However, it is important to recognize that each market and community is different, and all information provided may not be applicable to every market. The environment at each market is distinctly different by location, customers, staff, operational structure and vendors. Development of a successful market takes a large commitment of time, dedication and energy; however, a well-managed market can provide many benefits for the vendors and the community the market serves.

A. Additional Resources

In addition to this guide, a variety of educational programs are offered through UT Extension for market managers and vendors through the Center for Profitable Agriculture. Extension agents can also offer assistance on the county level for producers and market managers. Find your local Extension office at utextension.tennessee.edu. The Tennessee Department of Agriculture and the Tennessee Association of Farmers Markets can also offer assistance and consultation for those considering starting a farmers market or those managing a market.



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