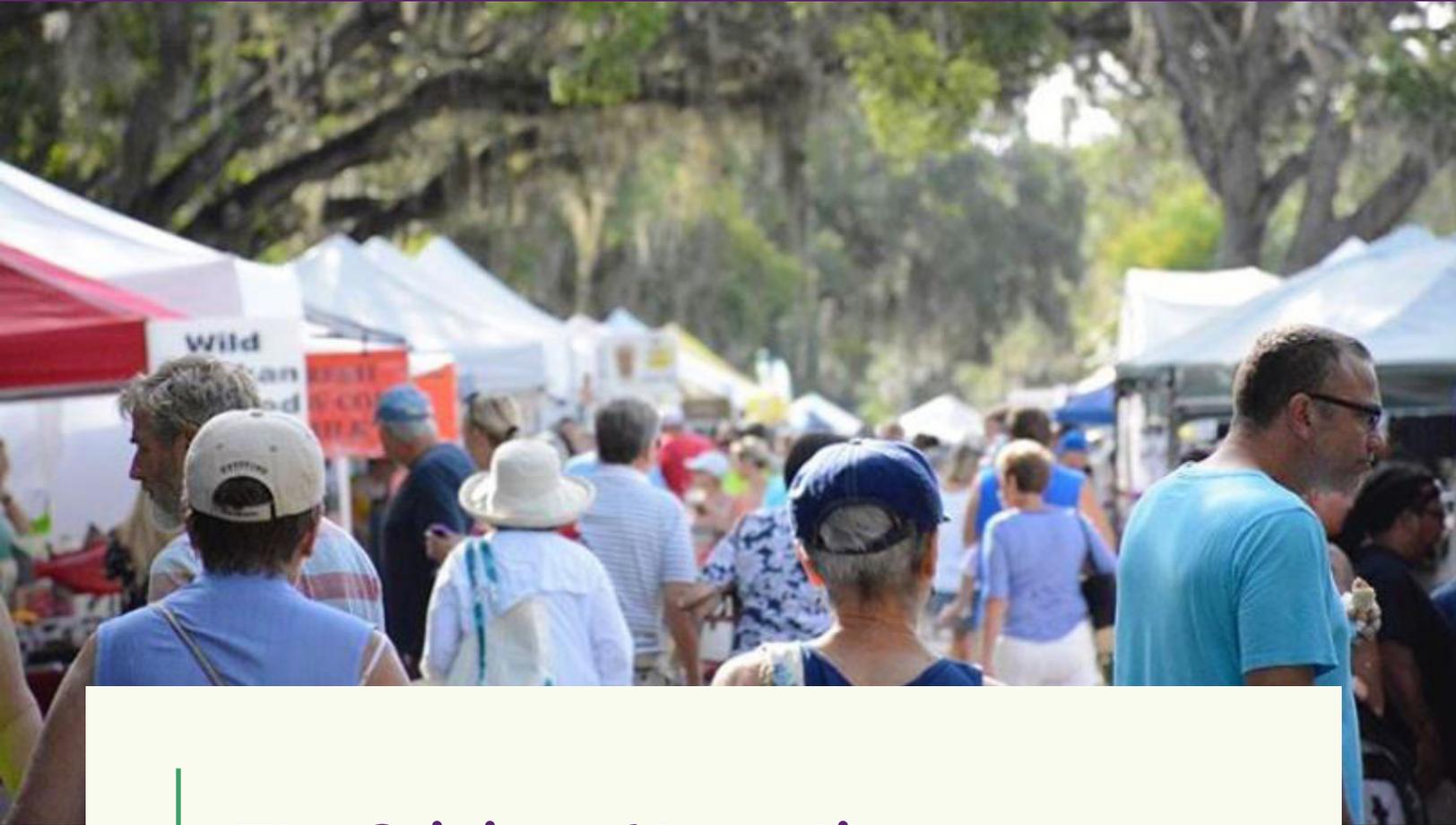




**Nutrition
Incentive Hub**

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The Origins of Incentives: Incentivizing Behavior Change through the Farmers Market Model

Richard McCarthy

Resource Prepared by Farmers Market Coalition

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About this Practitioner Paper

Authored by experts in the fields of farm direct operations, farmers market management, and nutrition incentive administration, this series of practitioner papers exists to support operators as they expand their own incentive programs. Each paper strives to meet at the crossroads of research and data in the fields of nutrition, agriculture, and economy, and the on-the-ground experiences of practitioners in farm direct.

Nutrition incentives encourage customers to shop with farm direct retailers by offering additional value to match money spent at farm direct sites, such as farmers markets, farm stands, and CSAs. In the 2014 Farm Bill, the Food Insecurity Nutrition Incentive (FINI) program codified the importance of nutrition incentives to the farm direct model. Reauthorized and renamed the Gus Schumacher Nutrition Incentive Program (GusNIP) in the 2018 Farm Bill, that funding created federal support for nutrition incentive and produce prescription programs that address the gap in access to healthy foods that many Americans experience. GusNIP reflects the understanding that nutrition incentives play a central role in making farmers markets, CSAs, and farm stands the accessible, equitable, and community-supportive spaces that they must be in order to remain relevant within our broader food system.

During the period of greatest growth for farmers markets between 1970 and 2010, technical challenges impeded markets' ability to accept SNAP payments. In response, farmers markets, including Market Umbrella and their flagship market, Crescent City Farmers Market in New Orleans, Louisiana, developed incentive programs that ultimately helped to incubate the levers of behavior change now codified as the U.S. Department of Agriculture-administered Gus Schumacher Nutrition Incentive Program (GusNIP). Looking forward to the broad expansion of nutrition incentive programs through GusNIP, this paper also looks back at the history of incentives through the work of Crescent City Farmers Market. Ultimately, it suggests that the solutions to persistent issues in implementing nutrition incentives at farmers markets are to be found in the origins of incentives themselves. This paper argues that markets should prioritize their role as hubs for community contact and the creation of new relationships, while using the power of small-scale pilot programs to learn the needs and interests of farmers markets' many constituencies.

I. A History of Nutrition Incentives at Farmers Markets

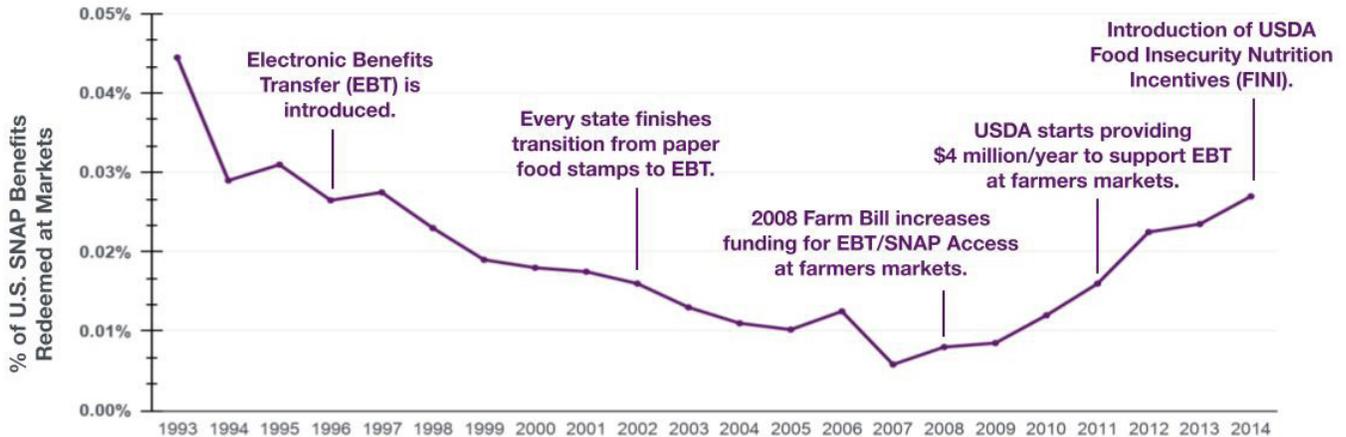
Modern farmers markets emerged at a pivotal juncture in American life. The unexpected savior of the nation's fading tradition of public markets (Feldman and Wolnik, 2019, p.1), farmers markets re-emerged in the 1970s as small, nimble, mission-driven social enterprises. They were created to meet the needs of specific geographic communities, both urban and rural, who sought changes in the food system and in social life.

The changes these activists sought were many and various. Urban consumers looked for solidarity with and produce from rural farmers. Farmers wanted new markets for products that did not conform to the industrial grid. Meanwhile, Main Street advocates saw in farmers markets a new, low-cost way to animate sterile neighborhoods that also fought perceptions of danger (Project for Public Spaces, 2003). Farmers markets incentivized each of these groups, drawing them together in unlikely connections. Farmers tested new direct-to-consumer marketing methods; chefs taught eaters new recipes

and encouraged farmers to grow new varieties; neighborhoods became comfortable in hosting informal town squares. Each of these relationships is built on the idea of incentives: of supporting behavior change in a targeted constituency by offering the value of a product, an experience, or a relationship. Deeply embedded in the institution of the farmers market, then, is the concept of the incentive, supported by a belief that social and commercial change comes about when we use carrots over sticks.

Among these foundational incentives was the USDA's Food Stamps Program, which initially supported markets to serve a broad spectrum of American consumers across income levels (Briggs et al., 2010, p.9). Given its origins in the Depression era of the 1930s, Food Stamps were originally low-tech (USDA, 2018). The use of paper "stamps" as scrip enabled any authorized retailer to participate, including farmers markets, and the ability to accept food stamps incentivized farmers to cater to customers who used them as currency. The Real Food, Real Choice report describes that in 1993, \$9.3 million in paper food stamps were redeemed at 643 farmers markets—an average of \$14,000 per site (Briggs et al., 2010, p. iv). Driven by legislation in the 1996 Farm Bill, the USDA began the switch from paper stamps to Electronic Benefits Transfer cards (EBT). Designed as a measure to reduce fraud (USDA, 2018), EBT also increased ease of use and reduced stigma, as it allowed users to simply swipe a card at an EBT terminal to pay for their goods (Hanks et al., 2019, p.84). While this was an important innovation from a user standpoint, the introduction of EBT locked open-air farmers markets outside of the USDA's largest and most effective food security program. Now, in order to accept Food Stamps—renamed the Supplemental Nutrition Assistance Program (SNAP)—markets would need an EBT card reader, electricity to run it, and a phone line connection to transfer information. Suddenly, the mobility of many markets and their presence outdoors and in public spaces was a liability. Tent and umbrella markets did not have access to landline connections, and without phone lines, there was no easy means for markets to participate in SNAP.

Figure 1. Percent of Total U.S. SNAP Spending Redeemed with Farmers Markets and Direct Marketing Farmers, 1993-2014



*Sources: Briggs et al., 2006 p.11 & Rejto, 2015

Because the switch to EBT came just as a period of exponential growth in the field of farmers markets was beginning, this policy decision had enormous, if unintended, consequences. The number of markets across the United States increased by 300% from 1996 to 2006, and yet between 1994 and 2008, the value of SNAP benefits redeemed at farmers markets dropped by 71%. In 2008, just 0.008% of SNAP transactions occurred at farmers markets, even though Americans overall spent 0.2% of their grocery budgets there (Briggs et al., 2010, pp. iv). While the transition to EBT spanned a decade, by 2004 the EBT card had been implemented in every state (USDA, 2018). Farmers markets, of course, still wanted to serve the entire community, which was the mission that inspired many markets to start in the first place. Markets experimented with a variety of strategies, from hand-writing transactions in the market and scrambling back to a computer indoors to enter them online, to paying for a landline and dropping the telephone wire to a subsidized indoor POS device in order to handle transactions (Food and Nutrition Service, n.d.). These efforts reflected the desire to shoe-horn farmers markets into a technology that was introduced at the federal level with little thought as to how it might impact this small, but growing, sector of the food economy.

II. Small-Scale Pilots and New Alliances

Even as SNAP sales declined dramatically during the decade when EBT was introduced across the country, farmers markets were nevertheless growing, changing, and adapting to this new situation as well as to the expansion of the direct-to-consumer field as a whole. Markets managers learned how to better manage relationships, especially among interest groups and disciplines that were otherwise trapped within silos: from economic development to public health and land use. Natural conveners, market operators found ways to use the open and public experience of markets to break new ground. Among the more effective of these new tools were nutrition incentives.

While nutrition incentives are often thought of in connection with the SNAP program, the term can apply to any program that offers a reward to consumers for purchasing a particular kind of food. Market Umbrella developed nutrition incentive programs to solve a number of issues facing small-scale producers and consumers in New Orleans. Incentive programs as Market Umbrella envisioned them in the late 1990s were time-limited pilots or

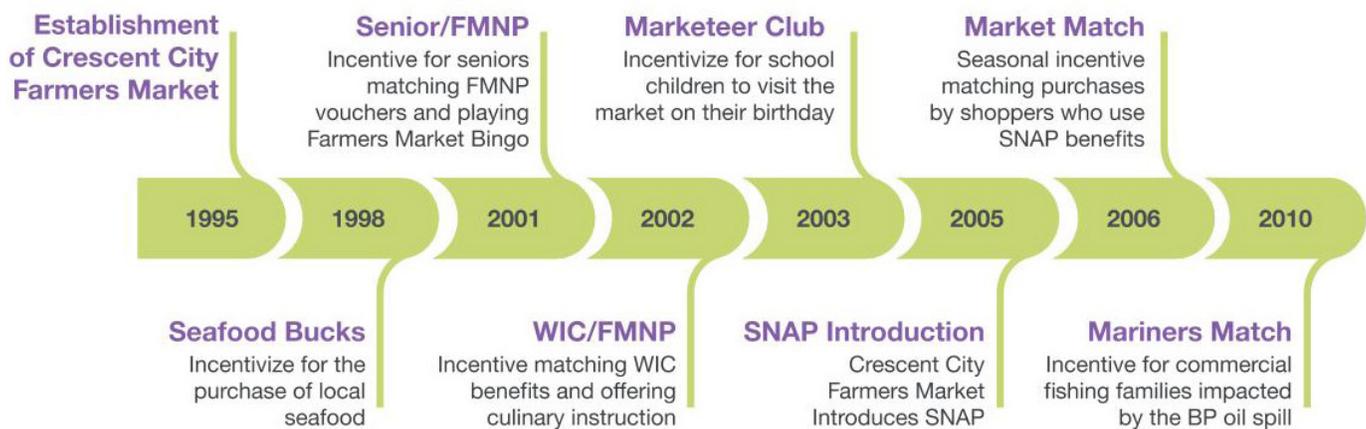
seasonal programs, intended less to reduce the cost of individual transactions for consumers than to expand the community our market served while constantly testing the question of whether our markets could remain welcoming and affordable to an ever-expanding constituency of New Orleanians.

One such program, which served a broad coalition of local, small-scale fisheries and consumers in the city, was called “Seafood Bucks.” Developed in response to the disastrous 1997 Lake Pontchartrain brown shrimp season, “Seafood Bucks” deployed federal disaster funds to field-test new direct marketing channels for fishing families (Nossiter, 1997). In order to incentivize shoppers to try seafood, and fishers to try direct marketing, Seafood Bucks coupons were introduced to increase consumers’ spending power when they purchased local seafood: buying \$10 of shrimp and crabs meant receiving \$5 more for free. The low-tech promotional scheme worked by incentivizing both supply and demand to forge new and untested relations.

Another program built to incentivize new consumers was the Marketeer Club, a birthday loyalty program

that mimicked “birthday clubs” like those popular at brick-and-mortar retailers such as Baskin Robbins (2020) and Pittsburgh’s Toy Kingdom (D. Wolnik, personal communication, September 8, 2020). School children up to age thirteen visited the market with their classes through the “Meet me at the Market” farm-to-school program. With their parents’ permission, the kids were invited to join “the Marketeer Club.” Members would receive a postcard mailed directly to them during the month of their birthday awarding \$5 in wooden market tokens for that child to spend as they wished. While the Club did not launch solely to serve vulnerable kids, program organizers discovered what research has also shown—that children are effective in positively influencing the nutritional behaviors of their families (Swindle et al., 2020). By utilizing a loyalty strategy, the program was able to engage with younger members of families with whom Market Umbrella sought to build new commercial relations, including families that used the WIC Farmers’ Market Nutrition Program (FMNP), Senior FMNP, and SNAP benefits to shop.

Figure 2. Timeline of Market Umbrella Incentive Programs



Farmers markets used these same capacities of partnership building through incentives to discover ways to serve smaller numbers of food-insecure consumers via channels outside of SNAP. Most notable here are incentive programs designed to increase the spending power of WIC and Senior FMNP vouchers, which, because they were paper

coupons, could still be exchanged without the benefit of an EBT card reader. In Louisiana, the typical FMNP recipient receives \$20 in vouchers to purchase fresh fruits and vegetables at farmers markets during the season between June and November (Department of Agriculture and Forestry, 2020). With philanthropic investment, we offered

to each senior or mother who turned in their empty book of vouchers an additional \$20 in market tokens as a reward for spending their money with us. Though the spending power of these vouchers is relatively small, market organizers hoped that by incentivizing these groups to visit markets, we could bring them into the broader community and keep them returning to market even after the FMNP season.

Market Umbrella began working with the state of Louisiana on FMNP in 2000 (Market Umbrella, 2010a), and introduced nutrition incentives for FMNP in 2001. Over the course of this long relationship, we learned intercultural communications, practical considerations, like the need to make seating available for seniors, and the need to meet people in their own communities to invite them to join ours. We held off-site cooking demonstrations in community centers to drum up business with WIC participants. We even learned the value of bingo! In New Orleans, we found it effective to prepare seniors for market visits by visiting communities of seniors on their ‘turf’ first. At these visits we would sign up seniors to participate in the program, orchestrate group visits to the market, prepare them for what is in season by playing a fun game of “Farmers Market Bingo,” and then offer an added incentive. Over time, we found that the formula of first going to valued audiences and then hosting orchestrated group visits to the market worked best.

That earned knowledge became even more important when Market Umbrella introduced its Market Match program in 2006. Although markets began to overcome the technological divide as the end of the first decade of the 21st century approached, technology alone could not erase fifteen years of isolation (Market Umbrella, 2010b, p. 2). Market Match used short-term, seasonal incentives to draw customers who shop with SNAP back to the farmers market. In 2009, Market Umbrella measured its three-year Market Match approach by implementing surveys over a four-month period. The 2010 pilot program used a time-limited dollar-for-dollar match that lasted four months. The time limitation allowed us to test both whether the match brought shoppers who use SNAP to the market—and whether they continued to shop once the program ended. The answer to both questions was yes. The Crescent City Farmers Market enjoyed a 600% increase in purchases

through SNAP during the pilot, and shoppers returned even after the match, representing a 300% residual increase (Market Umbrella, 2010b, p. 3).

III. Permanent Programs and Seasonal Markets: Lessons for the Future of Incentives

After the introduction of EBT in 1996, Market Umbrella, like other market networks across the country, used incentive programs to bring at least a small percentage of low-income shoppers back to the market. However, the federal policy hiccup also did not serve the optics of farmers markets particularly well. Rather than projecting a “big tent,” markets became emblematic of new urbanism’s hunger for the upwardly mobile consumer dollar. Ever since, markets have fought to correct both the image and reality of elitism. While operators devoted resources to forge valuable alliances between middle class urban shoppers and rural farmers, alliances with low-income shoppers were sometimes left to atrophy. If outreach and incentives were the key to retaining at least some low-income customers throughout the lost decade, however, they are also the key to opening markets back up to this base of consumers now that wireless is broadly available, and programs such as FINI and now GusNIP have reduced the technological barriers for markets that want to accept SNAP.

Yet while new support for incentive programs has solved some problems, it has exacerbated others. When incentive campaigns become more and more important to the ongoing running of a market, they have the potential to overwhelm staff. This is especially true where SNAP incentive programs run year-round. The danger of managing permanent incentive campaigns is that their defining success measure—an increase in the volume of sales to target consumers—is never-ending. A heavy weight on the minds and time of operators, the incentive program is always there and must always be promoted heavily. With GusNIP as a permanent subsidy, markets could get stuck beneath the weight of expectations. Can overburdened organizations manage perennial incentives for SNAP? What happens to other incentives? Do markets simply let them go, along with the wide array of communities

that they support? Or should market operators double-down in recognizing how the call and response nature of incentives lies at the base of the figurative umbrella stand?

Herein lies the great opportunity and challenge with GusNIP. GusNIP represents the chance to democratize the farm direct shopper base. It formalizes that which the modern farmers markets experiment is based upon: incentives that reward behavior change. New consumers may alter their behavior by becoming part of the market community. Ultimately, in their repeat visits, they transform the market as well. In this regard, the unspoken goal of market incentives is social change. Shoppers are incentivized to purchase healthy foods in a manner that is fun and engaging. It brings joy to everyday life. The produce is the carrot; the ultimate end is social cohesion.

Now, with the move from the margins to the USDA mainstream, operators will have to continue to work harder to hit the numbers, meet shopper expectations, and welcome and support new customers as they transform the culture of the markets. To succeed, operators might apply the lessons learned from earlier incentive programs. First, that markets benefit from a profusion of co-existing and/or alternating incentive campaigns. This has many positive effects: it keeps shoppers who use SNAP benefits from being stigmatized within the market community, makes shopping easier and more convenient, and it increases the likelihood of social collisions (Freedman 2019, p. 1046). If shrimp fishermen, seniors, WIC recipients, SNAP shoppers, and school children are simultaneously engaged in different calls to action at the market, then there exist opportunities to collide, and engage in social transactions that reinforce the market as a center for community, more than simply a place to purchase nutritious foods. Through social collisions, we build trust (Monteban, 2018, p. 156).

In addition to a wide array of incentives targeting different groups, markets can also lean on the benefits of seasonal and short-term pilot programs throughout the year. Though GusNIP funds both year-long pilots and longer-term programs, program administrators should not forget that short-term and pilot programs offer meaningful experiences and information for both shoppers and farmers market managers alike. In the 2009 Market Match

pilot program, for example, Market Umbrella spent \$18,000 in advertising to bring SNAP users to the Crescent City Farmers Market. This level of spending was not sustainable in the long-term, but it did not need to be. By implementing a short-term pilot program, we learned that once shoppers experienced the farmers market, they would return even without the match (Market Umbrella, 2010b, p. 3). The perennial and large-scale commitment of a permanent incentive program can wear down a market, rob it of the sense of seasonality that comes with time delimited promotions, and the learning that comes through measurable outcomes. This is why it is helpful for the markets to still map out the calendar year with clear highs and lows, beginnings and ends, in order to break down the year into cascading seasons.

While gross receipts and SNAP transactions may be the ultimate indicators of success, the market, as a living system, is one that thrives upon learning, trust, and the ability to adapt. As nimble and scrappy institutions, markets fought their way back into SNAP relevance. With GusNIP now part of the semi-permanent landscape, operators can utilize the innate resources in markets, as institutions that reward behavior change, to make the field as a whole more relevant to more people. At the same time, operators must also keep an eye out for the next program to incubate, the next program to pilot. Market organizations can keep evolving as learning institutions, living organizations that continually renegotiate the relations between urban and rural, supply and demand, farmer and consumer, consumer and the wider community.

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About

About the Author

Richard McCarthy is a community development specialist, author and speaker, who works with Slow Food International, and the UN Food and Agriculture Organization, among other organizations. In addition to founding Market Umbrella, he served as the Farmers Market Coalition's Board President during its formative years as an independent 501(c)(3) organization from 2006-2008. You can find him at [Think Like Pirates](#).

About the Farmers Market Coalition

The Farmers Market Coalition is a nonprofit dedicated to strengthening farmers markets across the United States so that they can serve as community assets while providing real income opportunities for farmers.

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[nutritionincentivehub.org](https://www.nutritionincentivehub.org)
info@nutritionincentivehub.org

The Nutrition Incentive Hub

The Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information (NTAE) Center is led by the Gretchen Swanson Center for Nutrition. In partnership with Fair Food Network, they created the Nutrition Incentive Hub, a coalition of partners to support this work, including the National Grocers Association Foundation, Farmers Market Coalition, Michigan Farmers Market Association, Ecology Center, Betty Irene Moore School of Nursing at UC Davis, Colorado School of Public Health, Ingredients Consulting, University of California San Francisco, and University of Michigan, among others. These partners are practitioners, retail experts, researchers, and evaluators from across the country bringing decades of experience and leadership in technical assistance, training, reporting, and evaluation. The Nutrition Incentive Hub is dedicated to building a community of practice to maximize program impact and ensure that all Americans have access to the healthy foods they need.

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