



Fáilte Ireland  
National Tourism Development Authority

# BENCHMARKING INTERNATIONAL BEST PRACTICE IN MARKETS



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## EXECUTIVE SUMMARY

Traditional retail markets were once the commercial and social centres of towns across Europe. Since the 1950's though, their position and importance has diminished with the rise of national high street brands, supermarkets and out of town retail parks, followed by the rise of online shopping.

With the renewed focus on independent businesses, food miles, and town centre recovery and regeneration, markets have once again become a focal point.

Markets have constantly adapted and changed depending on the wishes of their consumers and the economic world they were in. A market from 1950's would, in many ways, be completely different from a market of 1650.

At some point in the latter half of the last century, the majority of markets stopped evolving and became stuck in an increasingly old fashioned way of operating, with their businesses refusing to accept electronic payments, online advertising and social media nor adapting to consumer demands.

This combined with changing and struggling town centres, alongside the growth in online sales, led to their diminished importance.

Across Europe, specifically the Mediterranean belt, markets were always a mix of retail, but with a strong focus on food retail and food consumption,

with fresh food being cooked to order next to the business selling the food.

Now markets are becoming refocused on selling fresh food and street food, using food and a 'dining experience' as a way of increasing and channeling footfall to key, increasingly more 'boutique' retailers selling items or services that cannot be found online.

Successful markets across the world are embraced not only by the tourism sector, but provide a strong offer to their local populace, building on a sense of place and community that traditional markets provide whilst building in modern features which attract a savvy 21st century audience.

With consumer behaviour having changed dramatically over the past two decades, now more than ever it is a sense of experience, combined with quality and authenticity which will entice people to spend time and money in new locations.

Markets are creating a unique shopping and dining experience that increases dwell time and spend, creating new audiences for both experienced market traders and new market based businesses, many of whom prefer to be called 'micro-businesses'.

The social purposes of markets has also returned to the forefront of peoples' consciousness.

Through identification as leading vehicles to kick start town centre regeneration or through delayed and broken supermarket supply chains during lockdowns, where markets and their independent businesses managed to supply high quality fresh

food at prices on par or cheaper than supermarkets.

In developing an understanding of international best practice around markets, five case studies were undertaken. These included Borough Market (London), Time Out Market (Lisbon), Mercato Metropolitano (London), Markthal (Rotterdam) and Mercado de San Miguel (Madrid). Each of the markets examined were identified among the best in class indoor markets. The key learnings are applicable to both indoor and outdoor markets.

### Key Findings:

- **A quality food offering**, both food retail and quality F&B offer is at the heart of successful venues. Balancing these elements, alongside education around food creates a gastronomic experience which is increasingly popular to modern audiences. This food should be authentic, high quality and sustainably sourced and consumed.
- **Establishing a set of principles** to operate the business/market/venue which matches those of their prospective audiences helps to engage and build repeat business. Developing an ethos about the way products are created and enjoyed is increasingly important to audiences, with successful venues considering themselves 'movements' and vehicles for bettering people's health and improving sustainability.
- **Providing something for everyone**, including a safe and welcoming environment for families, young people and older generations is important.

This provides intergenerational connectivity for both visitors and businesses, and ensures the venues sit at the heart of the community for the local population.

- **Operating a market as a venue rather than just a retail establishment** ensures success. This involves an adapting of all operating policies, marketing, entertainment etc. to be focus on achieving set goals for performing as a venue. The concept of ‘curating’ a market is a relatively new one, but is a key feature of placemaking. Every stage of the customer experience should be considered end to end, and careful management and marketing should be focused on ensuring that a quality experience is delivered.
- **Flexibility is key.** Being able to adapt the offer to be flexible to changing needs over the course of a day, week, month or year as well as seasonal changes is important. This can include the use of pop-ups, multiple designations for the same space or regularly rotating offers, which allows venues to respond rapidly to new trends and changing consumer demands and provides an element of future-proofing.
- **Operating turnover-rent systems** is mutually beneficial to both landlord and tenant, allowing each to share in both the successes and quiet periods. It attracts the highest quality tenants and is seen as the future of rental structures.
- **Careful tenant selection processes** ensures that the businesses in the market are of a suitable standard to enhance the reputation of the venue, and work with management to ensure its continued success.



# BEST PRACTICE RECOMMENDATIONS FOR MARKETS

A large **majority of food traders** underpins success. Whilst the retail landscape is increasingly competitive, street food and food retail markets are growing. These sectors should form the majority, if not all of the Market offer. Mercado de San Miguel demonstrates the importance of this, with an exclusive food offer which allows for a clear brand message and market identity.

**Stringent Quality Standards** for fresh food retailers, street food and chefs underpin the best international food markets. All of the case studies explored below undertake careful selection processes and prioritise local, fresh produce and renowned chefs and businesses. Ensuring mechanisms are in place to enforce this are vital, either through mutual break clauses, non-performance clauses, or failure to comply with terms of a quality standards agreement to trigger a break clause.

**Building a clear set of principles** and basing all decisions and development on these principles creates a core brand message and connects with modern audiences. Mercado Metropolitano's Manifesto and social movement has resulted in national recognition in relation to food security

and future-proofing issues surrounding food chain sustainability. By building on these principles, whilst also embracing commercial terms and a high quality offering, Mercato elevates itself beyond 'just a market'. This does not need to be as ambitious as building a movement, but a codified set of ethical and sustainability principles alongside demonstrating an understanding of food security issues will attract millennial and Gen-Z audiences.

**Implementing a turnover rent system** benefits both landlord and tenant, as it allows both to share in the success and quiet periods alike. This works better the more successful the venue, with Time Out Lisbon demonstrating the potential for income generation through a thriving, multi-tenanted turnover-rent model.

**Diversifying the asset to maximise income** secures long-term sustainability and generates higher profits. Borough Market is an excellent example of this, utilising profit to purchase real estate assets which increase rental income and the fixed-asset value of the business as a whole. They also use a specified area during the day as a street food court with demountable stalls, which are then replaced by a wholesale market in the evening, further sweating the value of the asset. The Markthal Rotterdam has similarly diversified, though this is through the addition of residential apartments in the Market Hall.

**Merchandising and developing commercialisation opportunities** further maximise income whilst increasing brand identity. Borough Market has excelled at this with the introduction of their Market Cookbook and upcoming second book.

On a smaller scale this could include canvas tote bags with the markets' logo, aprons, cooking equipment, recipe cards and lunchboxes which are quirky and practical, and turn customers into brand ambassadors as they go about their day to day life.

Creating an **architecturally significant market hall** turns thriving markets into international destinations, through the spotlight of international media and promotion. The Markthal Rotterdam has acted as a significant catalyst for regeneration and tourism in Rotterdam after achieving international renown with innovative features and notable art installations. Maximising the architectural backdrop and creating innovative features creates a sense of arrival for the venture.

**Developing the evening economy** to maximise income, benefit surrounding businesses and drive regeneration in the area is very important. Markets can be catalysts for this, with the Mercado de San Miguel staying open until midnight or later on a daily basis, and continuing to be busy. They, however, benefit from a local culture which is based on late-night eating, whereas other ventures such as Time Out capitalise on this by hosting evening and late night events, particularly based around music.

**Creating a programme of events and animation** to attract new audiences and constantly drive footfall increases income through turnover rents, stimulates the evening economy through animation such as live music, and diversifies the asset. Mercado Metropolitano demonstrates the benefits of a varied programme of events, ranging from live music and comedy to community discussions,

debate panels and lectures. By focusing these events on food, they reinforce their brand ideals, which is a movement around sustainable food chains. Cookery demonstrations, lessons, community cooking and wine tastings all feature, but variety is key.

### Selecting a management model that suits the location

is perhaps one of the most difficult elements of successful operation. This report explores both public, private and trust operated markets, all of which are operating extremely successfully on an international level. Creating a management regime which is flexible, fast to respond, able to secure competitive contracts, innovative, socially driven and savvy can be achieved through any of these models, but would depend on the Local Authority or Private Enterprise in questions.

**Marketing and promotion** should be at the core of operations. A strong social media presence, supported by innovative marketing mechanisms will ensure continued footfall. Of the examples explored in this report, Time Out Lisbon have achieved a strong marketing campaign, predominantly due to their already successful sister company Time Out.

**Engaging with the local population** rather than seeking an exclusively international reputation will ensure long-term sustainability and deliver a market proposition that services its local community. This is a very important consideration in placemaking, with engagement and local buy-in often being the difference between successful ventures and white-elephants. Markthal Rotterdam has successfully achieved this, bringing regeneration to a relatively deprived, post-industrial area, whilst also retaining 50% visitor numbers from the local area, and 33% of

visitors from lower-income or deprived backgrounds. This marks a crucial difference between regeneration and gentrification, and by identifying appropriate price points, building in community-minded features, and allowing locals to benefit economically from an uplift in tourism is of vital importance.

**A focus on sustainability** is no longer just a desirable feature, but a must-have for modern trading. Implementing zero-to-landfill policies, minimising food waste, incorporating renewable energy generation on site and promoting local supply chains and low food miles are all very important features for modern consumers. Mercato Metropolitano does this exceptionally well, and it has resulted in operational savings, whilst feeding into their ethos and generating promotional content.

**Smart building design** can enhance efficiency, with real-time data regarding energy and water consumption, footfall levels and environmental factors allowing management to identify problems and track performance. Markthal Rotterdam does this well, and additional operational considerations such as underground parking and delivery to allow the building to operate efficiently without disrupting the customer experience. Smart building design based on data collection will allow markets to benchmark performance against targets and understand their customer journey.



# THE IMPORTANCE OF MARKETS

A rapidly changing retail landscape has left many urban centres unrecognisable from even 20 years ago. There is a widespread recognize of the challenges faced by these urban hubs. Markets can place an increasingly important role in re-imagining how urban centres integrated social and economic activity.

Markets need to return to their roots as social hubs, providing not just locations for mercantile interactions, but locations to socialise, work, relax and learn.

Markets and Food Halls represent a key element in the wider proposals for area planning and an improved public realm, acting as a catalyst for wider town centre regeneration. They are highly- visible and attract strong levels of footfall, with many customers then going on to shop at other local businesses.

Markets can stimulate social integration and community engagement, with revenue derived from them being recycled into the local economy,

helping to regenerate an area and promote social inclusion, whilst supporting high levels of local employment.

Each local market, either indoor or outdoor, has the ability to have a direct impact of the local area as a visitor attraction, job creator, social improver and enterprise seedbed.

For years, public markets have provided a home for fresh food and high-quality eateries, whether it is the rise of the street food scene or the arrival of a champagne bar, specialist cuts of meat for low and slow BBQ or supplying the craze for jackfruits,

public markets can provide an eclectic mix of fresh or ready to eat food sat alongside your more common food and retail.

There has been a huge increase in large scale commercial food halls, operating from either standalone buildings or as part of a shopping centre complex.



For the market industry, these large-scale commercial food halls, combined with the amazing array of specialist street food markets and events happening regularly around the country, should provide confidence that there is a demand for a wide range of catering offers with potential to appeal to and increase the morning, lunch and evening, market visitors.

To survive in a modern retail climate, markets must be multi-purpose and offer the use of space that appeals to a wider audience than those just wanting to shop.

By offering the market for these wider purposes you create footfall and awareness that will create income for the retail, service and catering businesses within the markets.

Transforming ‘shopping’ into a ‘shopping and dining experience’ must be built into the fabric of any future strategy, with strong consideration given to local population dynamics and formulating an offer which appeals to the broad spectrum of future market users.

Combining restaurants and bars alongside high-quality music and entertainment along with food stalls operating as butchers, fishmongers and deli, as well as boutique independent retail stalls creates multi-purpose market experiences which are experiencing large amounts of success.

Creating space that provide community use, creates footfall, creates employment and provides a platform for small independent businesses is and always should have been the goal for any market.

Market developments are increasingly focused on this.

There is a new realisation of how key street markets and market halls are in the revitalisation of town centres and how the public turned to them during the Covid-19 lockdown. Across the UK this has ensured that investment has been seen as essential. Several successful locations recently investing in enhancing their markets included Blackpool, Newton Abbott, Peterborough and Chesterfield.

- Markets are a melting pot for different people, trading side-by-side and this is something key to help reinvigorate town centres.
- The events industry has been decimated and there is an expected reduction in the number of event traders operating. Indoor market traders seem to have been the most resilient to the changes in shopping patterns arising from Covid-19.
- Market traders are adapting to new technologies and engaging with digital. There is an increased expectation among customers to be able to transact digitally.

As a direct result of the Covid-19 situation, there has been a huge shift into electronic payment methods by traders who traditionally would not accept anything other than cash payments. This has been pushed as safer payment method by health officials and the UK Government leading to demand from consumers who wish to buy using the method from market traders.

Post Covid-19 market traders are expecting a boom in hot food, alcoholic drinks, and arts, crafts, and gifts. This has come true with the addition of more traders opening cafes. Personal goods are expected to be the worst performing category with a gradual decline expected in general household goods, textiles, and ethnic and spiritualist products.

Food retail and catering are and will continue to be the drivers for footfall. Combining food with entertainment will ensure dwell time and typically a rise in social media mentions (free publicity).





# CASE STUDY ONE

**BOROUGH MARKET LONDON**



## Overview:

Borough Market is located in Southwark in the heart of London, which has been a site for markets since the 12th Century and is today home to over 130 businesses trading from Monday to Friday (10am to 5pm).

The market is split into four key areas, the Green Market (smaller produce traders and start-ups), Three Crown Square (central hall for larger food producers and wholesalers), Borough Market Kitchen (street food and communal seating area, turning into an overnight wholesale market) and Retail and Restaurant Units surrounding the central produce market.

## Target Audience and Visitor Profile:

**4.5 million people** visit Borough Market every year.

The location of Borough Market means it benefits from an affluent local population, commuters travelling through London Bridge (London's fourth busiest station with a footfall of 67 million per year), and tourists looking for an authentic London food experience.

With delivery and collection services focused on the local population, food produce for time-limited commuters and street food for office workers and tourists, Borough Market has positioned itself to take advantage of all three key markets.

## Notable Features:

With such a strong reputation for quality food, Borough Market has a very successful bi-monthly magazine, 'Market Life', offering recipe ideas, independent trader profiles and articles on food trends. In 2018 this won Food Magazine of the Year for the second consecutive year.

They have expanded on this success to launch 'The Borough Market Cookbook' in 2018, a seasonal cookbook combining authentic recipes from independents with a seasonal and sustainable approach to cooking that is extremely popular with foodies internationally.

This is being followed in November 2020 with a second book, 'Edible Histories' exploring the stories behind ingredients found at the market and advertised as 'an epic tale of everyday ingredients'.

The magazine and books enhance Borough Market's reputation as an authority on all things food. Irreverent, knowledgeable recipes which elevate food and, by association, their own products.

This led to the creation of the 'Borough Market Cookbook Club' with over 1,000 members. This is a free club which chooses a specific cookbook each fortnight for members to create recipes from, and share it with the rest of the group. This platform creates a community of potential customers and foodies who then act as ambassadors for the market.



Borough Market holds cookery displays to offer an additional attraction, which are well attended, particularly by tourists and casual visitors.

Combining food theatre alongside food options acts as an additional selling point which attracts footfall, who then go on to spend with the market vendors.

Borough Market has strong connections with local schools, with a Young Marketeers programme working with primary and secondary school students to develop an interest amongst school children in food and cookery, and provide work experience opportunities on market stalls.

## Focus on Food:

Borough Market started its life as a food wholesale market, and still has a strong focus on independent and artisan food producers, both retailers and wholesale sellers.

Their mission is to inform and educate the public on the benefit of fresh seasonal ingredients.

The central area of the market is dedicated to food producers and street food vendors, with retail and more traditional restaurant businesses operating from the outskirts of the main market area.

Many traders are themselves producers and artisans, creating unique foodstuffs which are grown and/or prepared in the region and often sold directly by the maker.

Borough Markets collaborates with 'Slow Food', a movement dedicated to supporting a sustainable approach to food production, with many traders accredited by Slow Food for selling 'distinctive local foodstuffs whose survival would be at risk if it weren't for a small number of artisans working hard to keep them relevant'.

Borough Market is at its heart a Food Market. It elevates the purchase and preparation of food beyond a domestic chore, celebrating quality ingredients, seasonal recipes and markets itself as a centre for gastronomy.



Borough Market has a 'Produce Forum', which brings together representatives of the Market Traders, Market Management and Board members to undertake decision making with food at the centre of each decision.

The market partners with the London Agri-Food Innovation Clinic (LAFIC) to support start-up food businesses through business development advice and funded support for R&D. This focuses on supporting young food producers to develop businesses which are showcased on a rotating stall in the market.

In 2018 Borough Market was awarded the Best Food Market at the Foods awards for excellence in activities promoting sustainability.

### Creating a Visitor Experience:

Brightly coloured parasols and festoon lighting create a vibrant atmosphere for visitors. Combined with the sounds, smells and food theatre, the customer's journey becomes a multi-sensory experience.

Produce samples encourage customers to interact with stallholders and find out more about the products, whilst also proving the quality of the produce on offer.

Customers are able to buy street food from around the world, interacting with stallholders with authentic culinary backgrounds who want to share their traditions and experience with customers.

Diversified sections of the market, which offer more than simply the opportunity to shop, make the market a visitor destination in its own right, and ensure return footfall through a vibrant and enjoyable customer experience.

### Commercial Information:

In the 18/19 financial year, Borough Market generated an income of £6.2 million, with spending of £6.1 million.

47% of income is derived from its operational estate, 45% from investment properties and 8% from other commercial activities such as Borough Market Business Ltd. which operates retail sales.

As a charitable trust, Borough Market retains 2% of income, re-investing the rest in its assets and operational budgets.

Borough Market sweats its assets, with the Borough Market Kitchen acting as a catered food zone during the day and converting to a wholesale food market every weekday night.

In 2019 rental income from the market was £2.9 million, with a further £2.8 million generated from rental income from the Markets' property portfolio.

The Markets' greatest expenditure came from staffing costs, which totalled £1.9 million in 2019, across 41 members of staff (27 directly employed and 14 in support functions).

### Transport Links and Accessibility:

Borough Market is highly accessible by public transport, sitting next to London Bridge Station and underground (London's fourth busiest station with 67 million people a year passing through).

### PR and Comms:

Borough Market has won several awards for its excellent communications, through the magazine, website and social media channels. Following the 2017 terror attack, the PR team was shortlisted for several awards for their response, including winning the PRCA Dare award for Communication Team of the Year.

The Borough Market Facebook Page has 117 thousand followers. By restricting content to a single quality post per market day, the Borough Market team ensure better engagement on each post, however they do not a strong conversion rate for engagement based on their follower numbers.

The Markets' Instagram page has 293 thousand followers and posts much more frequently than their Facebook page, taking advantage of the highly visual platform to reach a younger audience.

### Calendar of Events:

Borough Markets holds lunchtime cooking demonstrations in the Market Hall twice a week, inviting market traders, influential chefs and community groups to demonstrate seasonal cooking with produce sourced from the market.



These demonstrations are integrated in online formats through their website.

More specific events focus on working with other local stakeholders to provide community led events celebrating seasonal food, an example being an 'Apple Day' in October working with Southwark Cathedral and a local charitable theatre group.

### Management and Ownership Structure:

Borough markets is governed by a Charitable Trust which was established in 1754 to remain "an estate for the use and benefit" of the local community | for ever.

The trust is run by a board of volunteer trustees responsible for the strategic direction of the market, and an appointed management team who oversee the day to day operations.

Although the market is under pressure to generate profit, this is primarily to reinvest to continue to

hold a programme of events, make infrastructure improvements and grow their investment portfolio. Borough Market benefits from not having to answer to shareholders.

### Pricing and Availability Overview:

Catering traders wishing to operate from the Market Kitchen are subject to a review process by an independent 'Tasting Panel'. They must demonstrate their dedication to sustainability, quality and local foodstuffs.

### Integrating Technology:

In 2019 Borough Markets teamed up with Good Sixty, a Bristol based delivery and logistics business dedicated to providing delivery services for independent and artisan food producers.

Each outlet has a micro-page which holds their stock list, allowing customers to browse products from the whole market by business or by food category. Pickers collect these orders from stalls



and delivery within five miles is fulfilled by bike messenger or collection from a central point in the market.

This offers an additional revenue stream for market businesses, whilst also offering a convenience factor that makes the market more attractive to the time-poor professionals who make up a large part of the local resident demographic.

It is so successful that retailers who are part of the scheme do ten times more sales through the platform than their own online sales channels<sup>1</sup>, without having to overcome difficult logistics challenges.

### Sustainability and Eco-Credentials:

A focus on local supply chains and food producers has a significant environmental impact through reducing food miles, and offering organic options free from intensive farming practices.

These local, artisan, traders also offer produce in limited or no packaging, with loose foodstuffs available for customers to bring their own refill containers and biodegradable or compostable alternatives to plastic packaging are used where necessary.

Single-use plastic water bottles have been removed from sale across the market, replaced by water refill fountains which now provide around 875 litres of water per day (equivalent to 1,750 standard bottles).



No waste produced in the market is sent to landfill, with waste being recycled, surplus food being donated to local food banks and materials such as leftover coffee grounds converted to biofuels and fertiliser. Some of this fertiliser is even used on the premises in the Market's planting beds.

Borough Market demonstrates a combined top- down and bottom-up approach, with high

level management initiatives focused on waste management and eco-friendly infrastructure (such as water stations). Traders' sustainability initiatives are not enforced by the management team, but left to individual businesses. Sustainability forms a key element of the trader selection process, with most independent food producers already looking to develop strong eco-credentials in their businesses.

<sup>1</sup> <https://www.specialityfoodmagazine.com/news/online-platform-connects-local-businesses-with-customers-during-lockdown>

"Borough Market is more than a place to buy or sell food. It is unique. We are a charitable trust that exists to provide a market for public benefit. As a source of quality British and international produce, we uphold a reputation as Britain's most renowned food market. The Market is a place where people come to connect, to share food and to awaken their senses.

We celebrate the diversity of food; food that is honestly priced and carefully sourced with pride. People come to discover taste, aroma, texture, colour and seasonality. Our traders are innovators. Primary producers – people who grow, rear or create the food

they sell – or importers, possessing intimate knowledge of the produce they source. All are dedicated to maintaining the highest standards.

Through these traders, the Market has a wealth of artisan skills and specialist expertise. We share knowledge and work together to forge partnerships that inspire people about food, creativity and sustainability.

We work with small businesses and social enterprises, providing them with guidance and support. We seek higher values in food production. The Market is a place to find inspiration, to meet people and to learn something new.

Throughout its rich history, the Market has adapted to meet the needs of London and will continue to do so, but always staying true to its unique identity."

- Borough Market Trustees Report 201





## KEY LEARNINGS AND RECOMMENDATIONS

Borough Market benefits from a central London location and an international reputation as a home for artisan produce which has been growing since the 1990's, when markets in the UK began to give way to a homogenised supermarket shopping experience.

However this reputation has been hard-earned through careful management and marketing which elevates the purchase and preparation of food beyond a daily household task.

This is constantly reinforced, through careful selection of quality independent traders and producers, marketing through the extremely popular Market Life magazine, and more recently The Borough Market Cookbook and upcoming Edible Histories Books.

Everything Borough does is geared towards this message, making the market a champion of seasonal, healthy food, creating a customer journey that is a gastronomic experience.

Borough market is advantaged by being run by a trust, in which profits are re-invested. This gives them significant leeway on operations and management, and allows them to take a long-term approach to their development strategy, without being beholden to shareholders.

A diversified approach means Borough Markets' income is not limited to stallholders rents, but supported by a strong property portfolio of surrounding assets. Non-primary business activities are undertaken through a secondary company, Borough Market Business Ltd. These property interests account for the majority of the Trust's annual income, allowing them to undertake more ambitious marketing, hold larger events and continue to grow their investment portfolio to further subsidise the market.

By identifying clear trading areas with a specific food focus (larger food producers, smaller food producers and pop-ups, street food catering traders etc), the journey through the market is structured and critical masses of similar traders amplify one another's successes. The presence of a nightly wholesale food market adds an additional revenue stream in what would otherwise be non-profitable times whilst also being in keeping with the markets' heritage. Strongly defined areas are a key element of success.

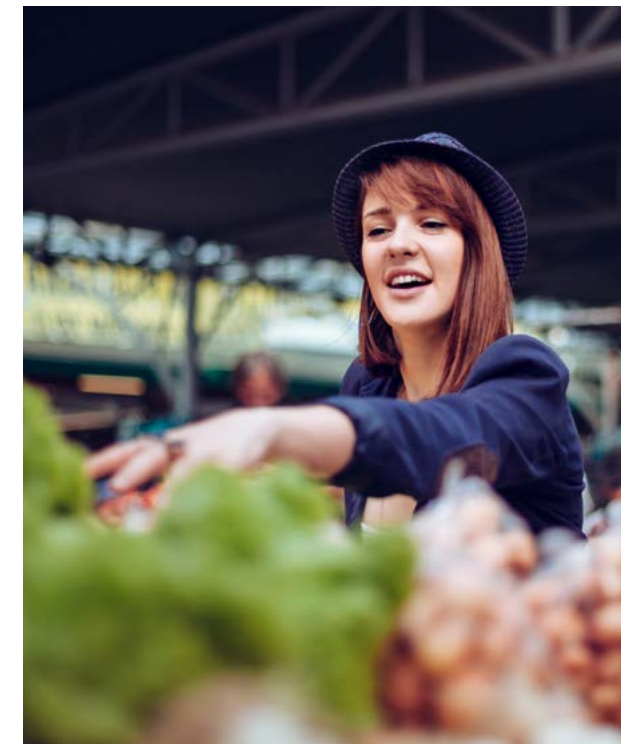
Strong marketing and community building give Borough Market an international reach, creating a strong following and cementing an international reputation as London's best produce market. The

magazine Market Life is a strong advert for the ethos of the market, going beyond promoting stallholders to generate community interest stories to appeal to people who love food.

By undertaking events and education in the community, Borough also reinforces its role as a

local asset. This is possible because of the affluence of the surrounding population and the office workers who either get lunch in the market or pick up produce on their way home. The success of the delivery service in a five-mile radius demonstrates the local demand for Borough Market produce.

The market itself is very industrial, with decor focused on the individual stalls rather than the building. This adds to the character of the market, offering a link to the markets' history and developing the sense of authenticity.







# CASE STUDY TWO

**MERCATO METROPOLITANO**  
LONDON



## Overview:

Mercato Metropolitano was launched in 2015 as a pop-up pilot project in Milan which transformed a disused railway station into a food hall which saw two million customers in four months.

Following this success, dynamic founder Andrea Rasca opened their first site in Elephant and Castle in 2016, followed by a second site in Mayfair in 2019. They are currently establishing two new sites in London, sites in Berlin and Japan and is looking to establish sites in Milan and the US within the next few years.

Their venues convert disused, interesting, spaces (such as abandoned factories) into Food Halls bringing together the best street food combined with cookery classes and community food initiatives. Their new project, the MM Factory, goes further, incorporating on-site production of bread, flour and patisserie items into their new venue.

These will be distributed amongst and used in their other sites

## Target Audience and Visitor Profile:

Mercato Metropolitano is designed to be used by local people. Their London sites attract nearby office workers, local people and tourists, with their marketing very focused on the local community.

The Elephant and Castle site attracted footfall of 3 million in 2018. This rose to 110,000 people per day visiting the site prior to Covid-19 (5.7 million per year), demonstrating strong growth.



## Notable Features:

Mercato Metropolitano is indistinguishable from its founder and 'Chief Executive Dreamer', Andrea Rasca. His vision was to create what he calls a **food movement**, leading a revolution in the relationship between the city, its citizens and the entire food supply chain. Mercato considers itself a socio-economic project for and with the people to ensure a high quality of food sustainability.

Mercato direct all of their effort towards the objective to deliver community sustainable markets within cities. Andrea Rasca believes that we have lost the

sense of what a city is, because we've filled them with useless things. Mercato strives to recapture cities, restoring them to social, sustainable, food driven places designed alongside the local people who they service. They look to create a lifestyle that puts the human being at the centre, with their real needs, (to socialise and eat healthy food that makes you feel better) being met, which they see as the focal point to challenge wider societal and environmental problems.

They do not consider their venues as 'food courts', instead referring to them as 'community courts'. Businesses operating from Mercato Venues are called Trading Partners, and sign a Manifesto covering core trading values. Trading partners must actively apply these principles in their business operations in order to trade at Mercato Metropolitano venues. This Manifesto includes:

1. **Right to Food** - Sufficient, nutritious food is a right for all, not a privilege for some and should be consumed in a way that respects the right of future generations to access the same adequate food.
2. **Food Sovereignty** - Food belongs to all people, not faceless corporations. A more democratic, inclusive approach is needed to benefit consumers and producers alike.
3. **Protecting the Environment** - Working with the environment, not against it by instilling simpler practices such as seasonal, local supply chains and fostering sustainable and urban farming practices.

- 4. **Food as it should be** - advocating for healthy, balanced diets based on natural and minimally processed ingredients
- 5. **Creating Community** - Belief in food as a focal point for social gatherings from the everyday to once-in-a-lifetime occasions. Using their venues to foster social cohesion and resilient community spirit.
- 6. **Small is Beautiful** - Small-scale artisanal food producers create the highest-quality ingredients in a sustainable manner, while helping rural communities to prosper, and must be supported and protected.
- 7. **Educating and Empowering Citizens** - actively empowering people of all ages and all walks of life by teaching them where food comes from, how to prepare it and the principles of ethical consumption.

MM run a DreaMM campaign, which recruits aspirational young entrepreneurs and food producers to submit their applications to begin their food businesses. These applications are carefully vetted, and partners who demonstrate a strong commitment to Mercato's core values are provided space.

**Focus on Food:**

Mercato Metropolitan take what they call a 'Glocal Approach'- global reach with a local focus. Their aim is deliver healthy nutritious food and move away from the industrialisation and factory farming to more sustainable model of food production and consumption.

They believe food is fundamentally the most important part of life, feeding into sustainability, environmental concerns, social issues and equality, health and wellbeing. As such they want to work with and attract food lovers and artisans who want to deliver the best experience to their audience.



To say Mercato Metropolitan is focused on food would be an understatement. Every part of their business is based on the idea that food is the most important element of life, and their business is built on top of these core foundations.

**Creating a Visitor Experience:**

Physical features of their venues play a strong part in the customer experience, with interesting, disused buildings being converted into beautiful spaces. Their Elephant and Castle Venue was an abandoned factory, and the Mayfair venue was a disused church.



Combining inside and outside space for street food partners and large communal seating areas, with interesting decoration make their venues an attractive space to spend time, with everything geared to encourage dwell time in which people can enjoy good food and company and share ideas and time.

MM Venues have craft breweries on site, with exposed brewing towers, alongside businesses such as gin distilleries. This, combined with the theatre of a community of street food traders creating signature dishes on their stalls create an authentic experience connecting customers with the food they are enjoying.

**Commercial Information:**

Mercato Metropolitan takes a collaborative approach with landlords, looking for investment partners on profit-share arrangements rather than entering traditional rental agreements.

After borrowing start-up funding for the Elephant and Castle site, their Mayfair site and upcoming two London venues are all being prepared by

Landlord contributions as a collaboration to deliver a profitable space in their disused properties.

Despite being primarily a social movement, MM is extremely profitable. Their income is derived from turnover rents from their trading partners and profit generated from their own enterprises within their venues.

In 2018 their Elephant and Castle site had 48 trading partners, with a turnover of £3 million generated by the three top-selling vendors alone.

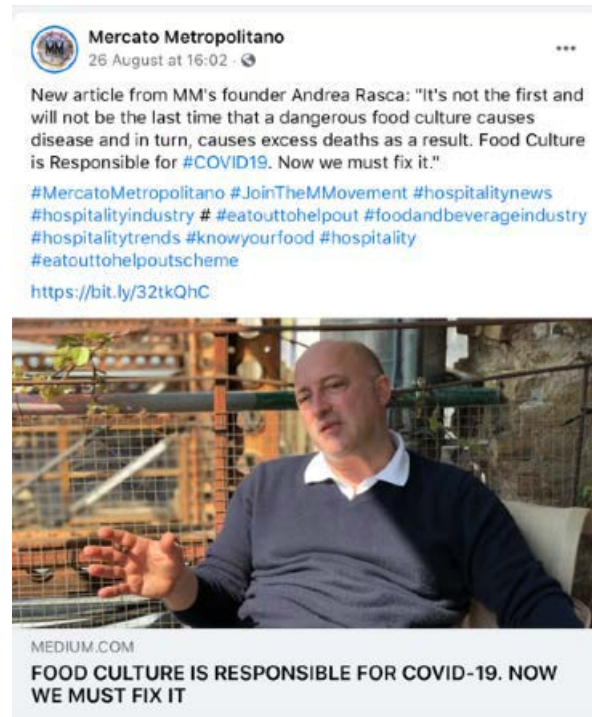
Income is derived from a turnover rate of 18% on all net food sales and 25% on everything else, license fees to non-food operators, an entry fee totake on a unit and diversification through in-house fresh food production.

Mercato Metropolitan Ltd derived revenue of £3.7 million in 2018, showing growth of 111% from 2017. With the opening of MM Mayfair in 2019, and continued growth at other sites, the venues and trade partners are surpassing turnover expectations.

### PR and Comms

Mercato Metropolitan runs a successful social media presence with 67,000 followers on Facebook and 41,500 followers on Instagram.

Their social media is very focused on their values, with campaigns focusing on their educational and business support programmes and interviews and education pieces with Andrea Rasca as well as promoting events, traders and initiatives.



### Calendar of Events:

Mercato Metropolitan hosts an impressive programme of events including cookery classes by local chefs, community outreach events, live music and entertainment, arts classes, fitness classes, thought-provoking talks about world issues, with a focus on food sustainability.

In their first year, the Elephant and Castle venue held 108 events. These are heavily community focused, with 700 people attending MM's free Cookery Class programme, with 18 refugee chefs taking part.



### Management and Ownership Structure:

Mercato Metropolitan is a private limited company with two directors (including Andrea Rasca). They initially borrowed capital to open their first site in Elephant and Castle, but now work collaboratively with landlords to take on new sites on profit share schemes, with landlords putting in initial investment to enhance their asset.

They have a management team specialising in sectors such as sustainability, business development, technical development, visual and branding, commercial and community partnerships, with team members on the ground working in MM operated production and sales outlets (such as the brewery).

### Pricing and Availability Overview:

Vendors operating from Mercato Metropolitan are on turnover rent agreements, and must undergo a competitive process to secure a pitch. All potential

trading partners must demonstrate their dedication to the vision and principles on which Mercato Metropolitano is built.

### **Integrating Technology:**

Mercato Metropolitano have an online sales platform hosted by Shopify which offers free next day delivery across London Zones 1-3 from MM's community of food producers. This diversifies food produce sales and offers a convenience factor which allows a large number of people to access their quality goods.

### **Sustainability and Eco-Credentials:**

Mercato Metropolitano venues are plastic-free in the sense that there is no single-use plastic allowed on site. Plates are compostable or ceramic.

They are further moving in a zero-waste direction by disposing of waste in ways which are compatible with the environment. MM operates a zero to landfill policy and actively reduces of food waste by encouraging sustainable practices and donating unused food to charity ventures.

Their onsite Brewery is based on the principles of a circular economy, using water distilled on-site using energy generated by yeast. The beer is sold straight from the tank for a fresh beer experience, with water, steam, grain and energy rescue processes in place to ensure minimum impact.

Mercato Metropolitano pairs with the Small Change, Big Difference campaign which aims to engage

with people to help them to eat better, waste less and recycle more food.

Food that is unsold at the end of the day is put on a platform called 'Too Good to Go', an app which connects local people with food which would otherwise be wasted, selling it for a small price.

Water security is a key concern of Mercato Metropolitano, with water refill stations located around the market and water distilled on site as part of the brewery operations.

Urban farming and local agriculture is important to the MM movement, as an alternative to unsustainable industrial farming practices. Mercato Metropolitano have paired with Rootlabs to showcase an innovative

double decker bus with hydroponic urban grown facilities at their Elephant and Castle site which harvests rainwater to grow crops year-round, with no fertiliser use and utilising climate control technology to grow strawberries in the UK year-round rather than rely on imports.

Tours, workshops and education sessions are held in collaboration with Rootlabs on the site.

This is taken a step further through their collaboration with Uprooted Farms, a vertical on-site farm which grows varieties of salads leaves to supply restaurants and chefs across London. Hops are also grown which are then used in the brewery, further reducing food miles and promoting the circular economy.



“MM is a movement of everything that is natural and sustainable, ensuring access to nutritious and adequate food for everyone. Ours is a movement of artisans and people passionate about seasonal produce, natural food, community inclusion and the preservation of the environment.

We bring together natural, traceable and unadulterated food, presented on recycled, simple and natural serving-ware. The focus is on the products, artisan producers and customers rather than on luxurious settings, creating the first truly sustainable and inclusive community markets.”

- Mercato Metropolitano Website



## KEY LEARNINGS AND RECOMMENDATIONS

Mercato Metropolitano is a highly successful commercial enterprise driven by the vision and personality of its founder Andrea Rasca. He is now a recognised authority on rethinking the way we produce and consume food, frequently being interviewed on national media channels in recent times.

This has mass appeal with younger, more socially conscious consumers who appreciate authenticity, ethical practices and sustainability, and are willing to pay more for it.

Being extremely selective of traders, or trading partners, who join the venues has paid off; customers are assured of high quality from every vendor, and continue to return to enjoy the vibrant atmosphere and good food.

This success has created significant demand for Mercato Metropolitano in other locations, with forward-looking landlords willing to invest in initial costs in order to tempt MM to open in their location on a profit-share basis.

Going beyond being a highly successful food hall, Mercato is also a leader in sustainable urban food

production, with the upcoming opening of the MM Factory taking this even further to develop on-site food production elements in their venues. Socially conscious cookery classes, with a focus on shining a light on often overlooked segments of society such as refugees provides a diversified offer whilst educating local people and providing valuable community functions.

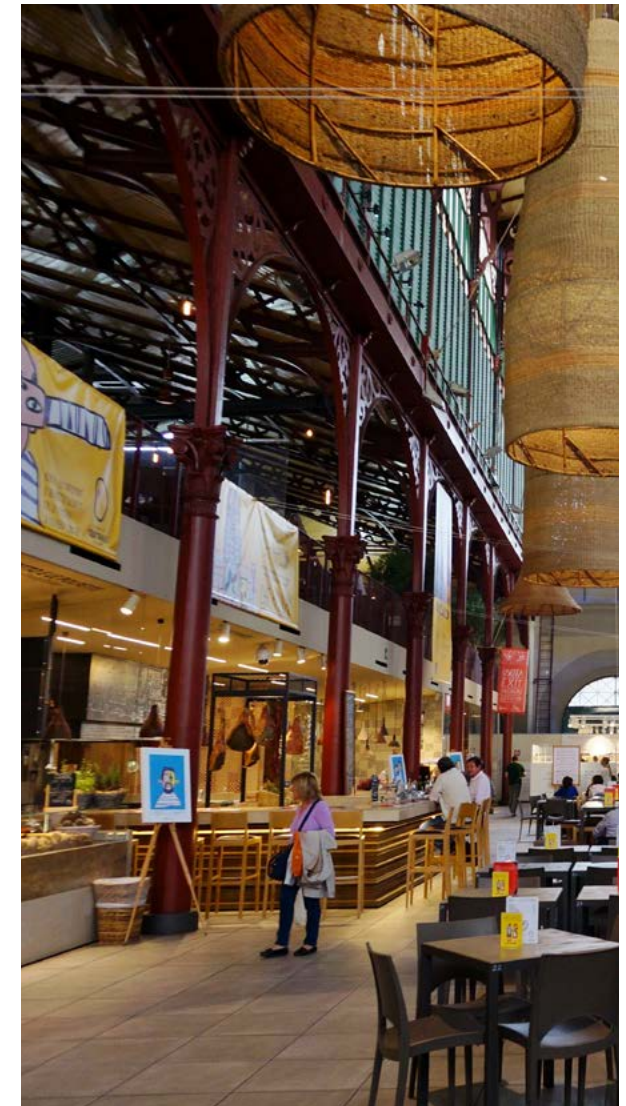
The buildings themselves are varied, each with a distinct history and personality but fitted with a quirky decor unique to each site. They are large, inviting venues, with a Cirque Du Soleil theme in the Elephant and Castle Venue (pictured below).

The venues are profitable and deliver strong dividends to shareholders. However Andrea Rasca is clear that, yes, making money is important, but not as important as what you do with that money.

Careful management and high turnover allow the MM team to operate at the highest level of sustainability, for example distilling water on site for their breweries, which would not be commercially viable for other enterprises which must maintain stronger profit margins.

Mercato Metropolitano has demonstrated that value-led business can be extremely fruitful. As we move into a time in which sustainability and ethics are increasingly forefront for consumers, planners

and businesses, Mercato have taken a leading role in the casual dining and food production industry.







# CASE STUDY THREE

**TIME OUT MARKET**  
LISBON



## Overview:

The Time Out group is a well-known publishing name, promoting the best things to eat, see and do in cities around the world. They had a strong consumer following in Lisbon and were organising large scale events attended by around 5,000 people.

In 2014 the Time Out Portugal team made the decision to not only research and promote the best food and culture, but to bring it together under one roof in their flagship food hall 'Time Out Lisbon', open daily from 10am to midnight (2am on Fridays and Saturdays).

They promote themselves as a 'Food and Culture Experience, fully curated under one roof'. By compiling the best restaurants and dining experiences in Lisbon, they found a suitable premises in the Mercado da Ribeira, a traditional market hall in decline, and brought them together around a large communal seating area, with elements of retail, culture and events.

Existing traders were retained in the building, and Time Out's four or five star restaurants in the area were invited to come and occupy space in the food hall.

The venture has proved a massive success, and Time Out has now opened six food halls in Lisbon, Miami, New York, Boston, Montreal and Chicago, with planned openings in Dubai, London and Praha over the next three years.



## Target Audience and Visitor Profile:

Each Time Out Market is focused on capturing the spirit of the city so that locals can take ownership of it and become regular visitors, giving value back to the community. However they are also key tourist destinations, supported by recommendations in their magazine and online media which is a key starting point for visitors to the city.

Time Out Lisbon exceeded footfall expectations with 4.1 million visitors in 2019, up from 3.9m in 2018.

## Notable Features:

Time Out has a focus on vendors with a proven track record of high quality, in a space 'where fine dining is made casual and casual is made extraordinary'.

Only existing businesses who had been awarded Time Out's four or five stars were invited to join the venture, and the result was a group of experienced business operators all of whom had already proved their dedication to quality and customer experience. This included a mix of small independent restaurants and famous chef's and restaurants from around the capital.

The venue holds three Michelin-starred chefs, but offers a casual, communal dining experience without any of the formality of traditional restaurants.

As the project was brought to life by journalists rather than industry specialists, the focus from the start was to make a place that was 'cool', and gave people an experience they would return to enjoy.

They have diversified to include a co-working space by collaborating with 'Second Home', an International co-working brand.

By combining former market traders, the best restaurants and food vendors in Lisbon, a programme of live events and entertainment and wider features such as an art gallery, culinary school and attached co-working space, Time Out Lisbon offers something for everyone, and with the backing of its formidable marketing and promotions infrastructure, it is unsurprisingly a considerable success.

### Focus on Food:

The Market Hall was originally home to food producers such as fishmongers, greengrocers and butchers, who were selling almost exclusively wholesale to businesses as footfall had decreased. Despite being against the project at its' inception (anecdotal evidence says that fishmongers threw rotting fish at construction workers), these vendors still trade in the Market today, with much greater success due to the massively increased footfall.

The market however is now also home to 23 restaurants, 10 food retail stalls, 8 bars and 4 shops. The experience is geared towards eating and drinking, with large communal seating areas

and a wide selection of vendors ranging from small independents to Michelin-starred chefs of international renown.

The Time Out Academy is a culinary school in the heart of the market and forms a large part of their events programme, whilst reinforcing their commitment to quality food and drink.

### Creating a Visitor Experience:

The Market is built on the principle that the future of dining out will be in the casual dining sector, whether you want Michelin quality food, drinks, a family meal or just a catch up with friends.



The Market is laid out as a square around a large central seating area, with uniform stall frontages surrounding the area and a variety of pop-up stalls offering take-home produce and light bites from some of Lisbon's favourite vendors.

The open-plan layout provides an attractive backdrop for what becomes a bustling atmosphere during peak hours, with music, food, drink and conversation flowing freely.

Late night opening allows different demographics to feel at home at the market, from family lunches and evening meals through to late night events, concerts and drinks with the food hall open until midnight daily, or 2am on Fridays and Saturdays.

The venue was established by a group of journalists whose job it was to find the coolest places and review them. This was initially criticised by other professionals in the industry, but has proven successful



### Commercial Information:

In 2018 Time Out Market’s net revenue was £9 million, growing to £23.2 million in 2019 following the opening of the five US markets.

In 2019 Time Out Lisbon achieved a total transactional value of £36.8 million (including food, bar and retail sales), with an adjusted EBITDA of £5.3 million profit (showing growth from £4.4 million profit in 2018), at an 83% Gross Profit Margin.

### PR and Comms

Time Out’s expertise lies in their magazine and online content, which has a global audience. As a trusted brand, consumers respond to their recommendations, which reinforces the narrative that their venues bring together the proven best operators in each city that they operate.

Across the Time Out media portfolio, they saw audience growth of 18% in 2019, due primarily to an increased use of social media alongside their print and online platforms.



This is partially credited to the deployment of AI technology to optimise the production, scheduling and distribution of content, with a focus on video content and Instagram stories.

Their Time Out Market Lisboa Facebook page has a following of 94k people, with their Instagram page having 28k followers.

The Facebook page posts one high-quality photo post per day, with either pictures of food, links to the Time Out website or information about upcoming events. These posts have a large reach but generate relatively low engagement compared to the size of their following.

### Calendar of Events:

Time out Lisbon is home to a cooking school, the Time Out Academy, the Time Out Studio and an event space.

The Time Out Academy is a cookery school which holds a range of workshops, cooking lessons, children’s sessions and demonstrations, run by Rodrigo Meneses and his team.

They hold live concerts and theatre shows, either in the food hall itself or in the Time Out Studio. These are curated by the Time Out Team who source and promote up and coming artists while keeping on top of what is popular in the city at the time.

### Management and Ownership Structure:

Time Out owns and operates its market buildings, allowing them to borrow against the value of their



property portfolio to fund their rapid international growth.

The Time Out Markets business is a daughter company to the Time Out Group, with 60% of trading profits being passed to the Time Out Group as Central Costs.

Time Out Media and Time Out Markets are now distinct operational wings, who work in close collaboration to curate whole cities, with their media wing aiming to promote the best of a location, and their Market group bringing this into their venues.

### Integrating Technology:

The Time Out website is one of the first stops for tourists looking for recommendations about where to go when visiting a new city. This allows the parent group to signpost people to their markets with relative ease.

Time Out are currently exploring integrated online and app based collection and delivery services with a view to introducing them in their venues.

## Ethos

The Time Out ethos is geared very much towards quality and a cool experience. By selecting only the best of already established vendors and offering experience based opportunities at their food halls, they are seeking to create cool spaces in which people want to spend time.

Each new Time Out Market picks features from the city it is in to ensure it's appropriate for the location. Rather than an International Brand which is identical wherever you go, they seek to create individual, cool locations which are embraced by local people.



## KEY LEARNINGS AND RECOMMENDATIONS

Time Out has taken a different approach to other food halls, working only with established, successful operators allows them to minimise their risk, while giving consumer confidence in the quality of the venue.

Of the three case studies explored in this report it is the most commercially run, with a focus on being a cool, popular and high quality food hall, rather than looking to a more value-based model.

At the same time it embraces its local community, showcasing the best of the local food scene, will ensuring the continued presence of more traditional market traders.

The key advantage of Time Out Markets is the strength of its Time Out Media parent company, which can be utilised to not only find new talent for the venue, but to drive the venue as a top destination in the area.

Incorporating mixed-use features such as co- working space, art galleries, makers areas and the traditional market, alongside events, cooking lessons and demonstrations diversifies the venue and attracts a wider variety of audiences.

Although the Time Out group recognise the importance of these elements as fulfilling a community function, its focus is more on delivering an audience for its food halls.

Late night opening (until midnight every day and 2 am on Fridays and Saturdays stimulates the evening economy, diversifying the venues' audience (from families and office workers in the day to crowds looking for nights out in the late evening).







# CASE STUDY FOUR

**MARKTHAL**  
ROTTERDAM



## Overview:

Markthal Rotterdam, or Rotterdam Market Hall, is the Netherlands' first covered market, moving away from their traditional open air markets.

In 2004 the city of Rotterdam organised a competition to design and build a covered addition to their open air market as a result of more stringent legislation surrounding the open air sale of fresh and chilled foods.

At the time there was a concurrent project underway to create more residential space in the area, and the two projects were combined to create a mixed-use development offering fresh food, residential, office, supermarket and parking space across fifteen stories.

In 2014 the Markthal opened after five years of construction, and was quickly dubbed 'Food Valhalla' by local press. It has 4,600m<sup>2</sup> of retail space, 1600m<sup>2</sup> of catering space, 228 apartments and a parking garage for 1,200 vehicles.

A more traditional outdoor market operates outside the Markthal along Binnenrotte, and the two have amplified one another's success, with 32% of visitors to the outdoor market going into the market hall, and 47% of visitors to the Markthal visiting the outdoor market.

## Target Audience and Visitor Profile:

In the first few weeks of opening, Markthal welcomed over a million visitors, and attracts footfall of around

8 million a year. This is comparable to a medium sized city centre.

The Market was designed to uplift and serve the local population in the post-industrial area of Laurenskwartier, however it attracts a national and international audience after being featured by international media outlets.

Just over 50% of the Markthal's visitors live in the Rotterdam Metropolitan area, and 33% are from low-income households.

Visitors spend an average of 45 minutes in the Markthal, and have an average spend per head of €17.

## Notable Features:

The Market Hall's architecture is very distinct, incorporating two curved wings meeting over a large market hall and retail space in the centre, with provision for underground parking.

Residential apartments are located in two residential 'slabs' that make up the building.

A key design aim was to make the building as open and permeable as possible, whilst ensuring it is covered to the elements. The Market Hall has the largest cable net facade in Europe, with a mesh of cables supporting glass frontages to ensure visibility and clear sight-lines.

However it is the artwork on the inside of the arch that is Markthal Rotterdam's most notable feature. 'The Horn of Plenty' was designed by Arno Coene,



and is possibly the biggest piece of artwork in the world, covering 11,000m<sup>2</sup>. The name Horn of Plenty was chosen from the Cornucopia from ancient Greek mythology, and depicts fruit, vegetables, grains, sweets, fish, flowers and insects.

The artwork is printed on 4,000 acoustic steel panels, and Pixar Studios were enlisted to create an image large enough and in sufficient high-definition to create the piece.

A unique feature is the residential apartments in the arch of the market. There are 228 apartments in total ranging from 80 to 300m<sup>2</sup>, each with an outside terrace, which can be accessed from street level. In addition there are 24 penthouses and office space accommodated in the building.

Many of these have windows facing onto the market hall, which are triple-glazed to prevent sounds and smells permeating into the apartments.

During the construction of the Market, multiple medieval objects were found which are now on display in the Market Hall, providing a link between past and present. This is now called 'Exhibition de



Tijdtrap' and is located along the escalators. As you travel down to the parking garages, each floor represents a step back in time.

### Focus on Food:

Local press dubbed the Markthal, 'Food Valhalla', with over 100 fresh food stalls trade from the market hall and a range of restaurants on the first floor which remain open into the evening.

In addition to independent food retailers, there is an Albert Heijn supermarket on the underground levels.

The market is home to 'The World of Taste', an 'edutainment centre' in which people get the

chance to learn more about food produce through talks, displays and demonstrations. It is multi-functional space that has been used as a living lab, cooking school, presentation room and stage, and attracts a wide variety of audiences.

### Creating a Visitor Experience:

Markthal Rotterdam is TripAdvisor's top attraction in Rotterdam, with a rating of 4.5 out of 5 across over 7,300 user reviews.

With 33% of visitors to the Markthal living in Rotterdam and coming from low-income households, there is strong evidence that the offer is inclusive, allowing wide access to fresh food and enhancing food equality.

This has undoubtedly been a success, with Markthal scoring a Net Promoter Score of +28, a metric in which scores over 0 can be considered good.

Before 2014, Rotterdam welcomed an average of 350,000 visitors per year to the city, which has risen to in excess of 4 million visitors per year. The Markthal is credited with a large part of this, having put Rotterdam on the international stage. With footfall of 8 million a year and just under 50% of visitors being tourists, there is strong evidence that most tourists visiting Rotterdam make a visit to the Markthal.



### Commercial Information:

The annual turnover of the Markthal is €63 million (£58 million), with 53% earned by the market stalls, 29% at the stores and 18% at the restaurants.

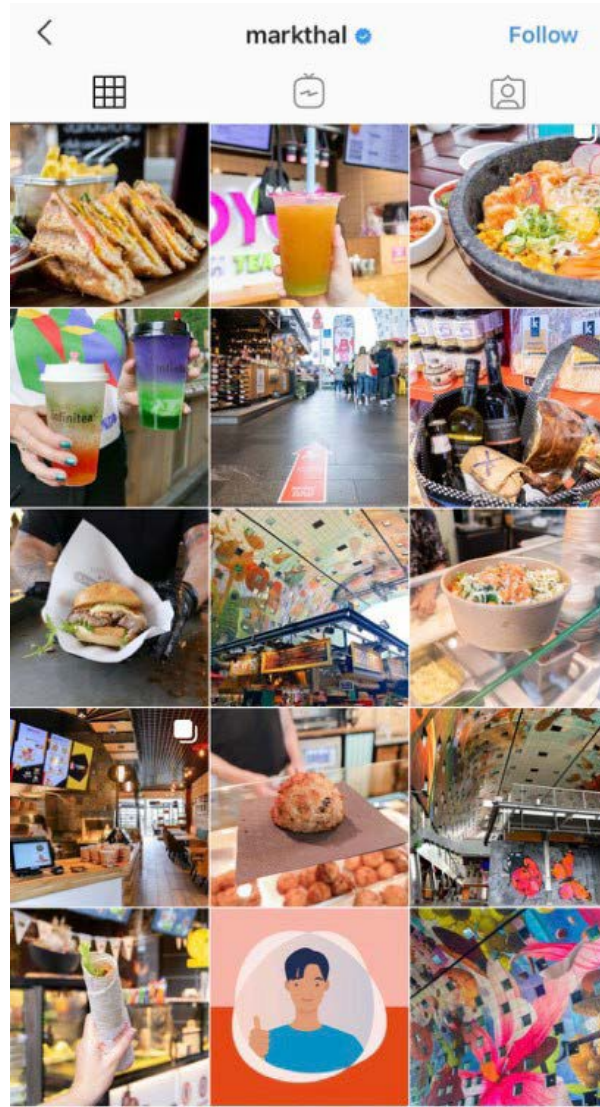
76% of visitors spend money at the market, a figure that is rising (it was 60% in 2015).

### PR and Comms

The Markthal Facebook page is followed by over 100,000 people, with over 200,000 having checked in as visiting the market. Their content focuses heavily on the food offer and producer stories, with one or two posts per day featuring high-quality photos or videos.

Their Instagram account has 13,200 followers, though drives significantly higher engagement than their Facebook page.

Over 100,000 posts on Instagram have been tagged with Markthal, allowing the visitors to create their



own peer marketing and act as ambassadors for the venue, by benefit of its 'instagrammable' features, particularly the Horn of Plenty and high-quality food offering.

The Markthal has been featured in numerous international publications as a result of its distinctive architecture and new concept of hybrid design, and has gained international renown through outlets such as CNN, The Guardian, The New York Times, Rough Guides and TIME Magazine.

### Calendar of Events:

The Market is home to a number of food-related events, usually run in collaboration with local groups.

Examples include the 'Belly of Rotterdam' wine festival, 'Taste the Markthal' which invites people to taste the range of fresh produce the market has on offer.



Through The World of Taste area, the market hosts a number of demonstrations, tastings and talks surrounding the production of various fresh food on offer in the market.

It is not only food events, but things like 'Wedding for One Day', crafting Christmas pieces, and Eurovision events take place in the market. The 'Wedding for One Day' event is held on International Marriage Day, and allows couples to have a faux wedding, attracting long queues and seeing a real proposal.

### Management and Ownership Structure:

Due to the mixed-use nature of the building, a complex management and ownership structure is in place.

The Markthal itself is owned by the city, whilst Vesteda, a housing corporation, owns and manages the 102 rental apartments.

### Integrating Technology:

The market does not run a centralised app or delivery service, although a number of vendors offer takeaway and delivery through existing platforms such as Just Eat.

Technological features of the market are focused more on smart building control, with reporting on carbon savings and efficient heating/cooling procedures.

## Sustainability and Eco-Credentials:

The Markthal Rotterdam was BREEAM-NL certified as 'Very Good' upon its opening, and is now certified as BREEAM- NL, 'In-Use'.

Each tenant in the market hall has signed a 'Green Lease Agreement', outlining performance requirements for the use of energy, water, waste and healthy supply chains.

On a larger scale the building itself is designed to optimise energy efficiency and sustainability. An underground thermal storage system provides the building's heating, and has additional capacity to service surrounding buildings. This was a particular priority for architects, as temperature controlling buildings is the largest CO2 emitter in the Netherlands.

Natural ventilation through carefully designed ventilation systems reduces the need for heating and cooling, with smart monitoring systems in place to provide real-time performance data. For water-saving a smart sanitation system is in place.

Strict separation of waste is undertaken to increase recycling, which is also cost-effective due to operational savings.

These bottom-up and top-down sustainability methods are heavily focused on efficiency, and are supplemented by ecological initiative. Four bat stays are incorporated on the facade of the building, along with ten swift nests to encourage local animal populations.

Transport infrastructure has been carefully considered, with electric vehicle charging points in the parking areas and a 'transport information point' directing people to bus, tram, metro and train stops nearby with live information regarding departure times.

**'The Markthal, which is the first covered market in the Netherlands, is a place where good food and unique housing are harmoniously combined in a spectacular arch. This iconic fresh market opened for business on 1 October 2014, after five years of construction.**

**Anyone who loves good food will find what they are looking for in the Markthal. Here you will find ingredients and food from all over the world. And that for current prices. Taste the authentic flavours of home or go on a culinary journey of discovery. There is still a world to discover. We are happy to welcome you!'**

- Markthal Website



## KEY LEARNINGS AND RECOMMENDATIONS

The Markthal Rotterdam is distinct from the other case studies in its hybrid use of space which incorporates a range of features in a novel way.

By incorporating residential apartments, intrinsically linked to the market through windows overlooking the market hall, a truly mixed-use space has been created.

Underground parking is effective at providing space for residents and customers, and the underground network allows deliveries to be brought unto the market floor at any time of the day without obstructing entrances for shoppers.

Further enhancing the mixed-use nature of the space, the market benefits and benefits from the traditional outdoor market on the Binnenrotte, although it is a distinct market offer.

These various design elements likely contribute to the acceptance of the Markthal Rotterdam by the local population. Visitor numbers show a high proportion, over 50%, of local people using the market.

Distinctive architecture and artwork has made the Markthal an internationally renowned venue, generating significant interest prior to its opening and resulting in 47% of visitors being national or international tourists.

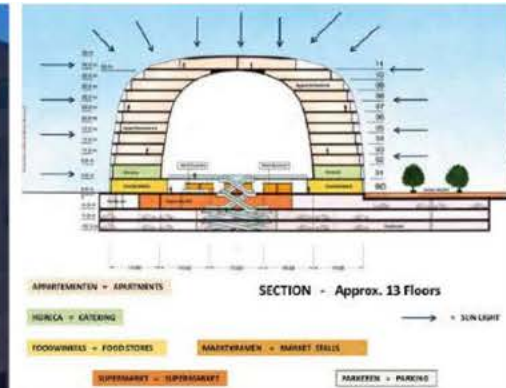
The innovation in combining the parallel housing project with the market hall development was in itself notable, with the Markthal being the first development of its kind. This has been amplified significantly by the ambitious art installation of the Horn of Plenty, ensuring the Markthal had marketing coverage on an international level.

This has resulted in a surge in tourism, with visitor numbers to Rotterdam increasing by over 11 times since 2014, the year the Markthal opened.

Although the market is one contributing factor to this increased tourism, it is a key attraction and its international coverage helped to put Rotterdam on the map.

Creating an internationally acclaimed market in a relatively deprived area such as this could easily have alienated the local population, but by embracing the needs of the local people and providing an offer that serves them, Markthal has achieved regeneration rather than gentrification.





# CASE STUDY FIVE

**MERCADO DE SAN MIGUEL**  
MADRID





## Overview:

Mercado de San Miguel has been located in Madrid next to the Plaza Mayor since 1916. For the previous century it had been the site of an open air food market, but concerns around conditions and congested traffic resulted in authorities creating a covered market with an iron structure in 1916.

In 1999 the market underwent restoration, but its layout and stall configuration were not suitable and the market fell into disuse. A group of investors spent €20m restoring the market, including buying out the licenses of remaining stallholders, with one exception. Following a six year restoration, the market reopened in 2009, maintaining the historic wrought iron facade with glass infill panels and a newly formatted trading floor.

It has a relatively small selection of stalls, with 30 permanent food retailers and 13 restaurants, but has achieved international accolade as the best gastronomic experience in Madrid, with the Financial Times dubbing it the 'Southern European version of Borough Market in London'.

Late night opening and F&B offers alongside food retail create a continental experience centred around casual dining and socialising.

## Target Audience and Visitor Profile:

Mercado de San Miguel is one of the most visited places in Madrid, attracting over 8 million people per year.

## Notable Features:

The Market is a gastronomic experience in the heart of Madrid, with a focus on local cuisine, fresh food retail and dining-in opportunities.

Mercado de San Miguel leans heavily on the cultural tendency to enjoy late night food and drink, staying open from 10am until midnight Sunday to Thursday and from 10am to 1am on Fridays and Saturdays.

All stallholders in the market offer ready to eat, takeaway food and there are several drinks outlets, creating a continental dining experience into the late evenings. There is a focus on small dishes, with a shared 'love of tapas'.

Architecturally, the market is the only covered market in Madrid with an iron framework. Glass infills, tasteful decoration and fit-out throughout has made it a popular tourist attraction.

## Focus on Food:

Exclusively a food market, Mercado de San Miguel offers a range of quality fresh food produce, including artisan regional cheeses, wines, meats and fish. In addition the stalls offer dine-in or takeaway options which can be enjoyed in a communal dining area or whilst standing.

The market is sold as a gastronomic experience, complementing a Spanish culture which enjoys communal eating and drinking, often into the evening, and high-quality, locally produced foods.

With four Michelin starred chefs now operating



from Mercado de San Miguel, it has cemented its position as a world-class foodie destination.

Many of the fresh food retailers also capitalise on business to business sales to local restaurants and hotels, creating a diversified market and strong local economic links.

## Creating a Visitor Experience:

Mercado de San Miguel is a popular tourist destination, winning a Travellers' Choice Award 2020 on Tripadvisor. It is listed as number 9 of the best things to do in Madrid, and has been rated a



4.5\* by over 15,000 visitors.

In 2017 the quality on offer in the market had started to decline, but following purchase by investment company Redevco Iberian Ventures, new management principles were enacted to restore the market to its former glory.

It is now home to well-known culinary offers including four Michelin-starred chefs and over 30 food retail stalls who also serve tapas-style dishes.

### Commercial Information:

The Market is fully occupied with a waiting list for new tenants.

Tenants operate on shorter, turnover leases to ensure the products on offer are always of the highest quality and are continually performing.

*Little information is available regarding the turnover and profitability of the market, although estimates put revenue at < €1 million per annum.*

### PR and Comms:

Mercado de San Miguel run successful social media pages, with their Facebook page having 80k followers and their Instagram having 23.3k followers.

Content is duplicated across their platforms, with high quality captioned photos posted approximately twice a week.

Although not a large amount of content, each photo receives significant engagement levels, with post likes averaging in the hundreds on each photo.

Their content is focused entirely on food, either showcasing particular dishes, stalls or products.

### Calendar of Events:

The market works with other community groups and charities to hold events and animation to the market.

Entertainment has included performances by groups such as the 'Little Singers Concert', 'Young Orchestra and Choir of the Community of Madrid'.



Events include wine tastings, juice workshops, catering workshops and show cooking, which are free to attend with people reserving tickets in advance.

### Management and Ownership Structure:

The market was purchased by an investment group, El Gastrodomo de San Miguel, S.L., led by public relations executive Montserrat Valle. After undergoing major renovation works to enclose the market in glass and reformat the kiosks and restaurants, it was sold in 2017 to Redevco Iberian Ventures for €70million.

Redevco Iberian Ventures owns and operates the market, and is a joint venture between real estate investment management company Redevco and alternative investment management company Ares Management.

Following a decline in quality in 2017 prior to the purchase, Redevco IV implemented new, shorter turnover contracts to allow a greater level of control over the quality and variety of products. A number of stalls underwent refurbishment with the advice of a gastronomy consultant, and four Michelin-starred chefs were convinced to take an opportunity of trading in the market.

Proactive management has seen footfall levels increase, and the Market is now one of Madrid's most popular destinations, with over 8 million visitors every year.

### **Integrating Technology:**

Spanish retail trends do not mirror that of other countries, with a lower proportion of sales done online compared to their European neighbours. There is still a strong preference for bricks and mortar venues, and the market has not adopted any notable technological interventions.

### **Sustainability and Eco-Credentials:**

Redevco use the BREEAM In-Use methodology, with an aim of having 50% of their portfolio listed as Very Good or better by 2022, although Mercado San Miguel has so far not achieved this rating.

Other key aims include the reduction of energy consumption, on-site generation of renewable energy and minimised emissions and pollution from operational procedures.

The market supports global sustainability initiatives, notably in 2019 developing a partnership with Auara in which every litre of water sold in the market subsidised four litres of water in developing countries.



**'More than 100 years have gone by since the Mercado de San Miguel opened its doors as a wholesale food market. Today, this historical building stands out as one of the world's main gastronomic markets. It allows visitors to experience the essence and most significant flavours of every corner of Spain.'**

**From the finest Iberian ham and freshest fish and shellfish brought in daily from Galicia, to Mediterranean rice dishes and the most exquisite cheeses from Castile, Asturias and the Basque Country – at the Mercado de San Miguel, you'll find all the highlights of Spanish cuisine. Spread out over more than 20 stands, the common denominator here is a commitment to high-quality tapas and pub fare.'**

- Mercado de San Miguel Website.



## KEY LEARNINGS AND RECOMMENDATIONS

Mercado de San Miguel is a prime example of careful management and quality produce generating success.

The redevelopment of the building generated short-term success, but in 2017 when the market was purchased by Redevco, footfall was dwindling.

Maintaining high quality food traders through careful curation of the tenant-mix has breathed fresh life into the market.

This was feasible through transitioning existing tenants onto short-term, turnover rents which put emphasis on performance. Tenants who were not attracting customers could be moved out of the market, and profit-generating businesses were encouraged to flourish.

This critical mass of high-quality businesses has resulted in a positive feedback loop in which the market continues to drive footfall.

The market benefits from a prime location in a major city, attracting an ambient tourist crowd and becoming a must-see attraction on sites such as

Tripadvisor, which heavily influence tourist's behaviour.

A key element of the Mercado de San Miguel is its late night opening. By having a variety of fresh food retailers, all of whom offer small dish or tapas options as well as their standard product range, tourists and locals can enjoy informal dining late into the night. This is a cultural element, with a prevalent late-night dining culture in Spain, benefitting locals and allowing tourists to enjoy more of Spanish culture.

This also maximises sales opportunities, increasing turnover and therefore profitability for both vendors and the management.

Although the market plays host to key events, it is not a core element of their business. Wine tastings, food demonstrations, musical displays etc take place in the market hall, although this is not a confirmed weekly programme and is usually done in partnership with other groups.

The market offers takeaway, but not delivery, and their promotional channels are focused on a food-focused website and active social media channels promoting the range of food on offer.

These are not particularly innovative measures, but re-emphasises the approach of quality food and drink being popular by its own merit and resulting in continual footfall.

