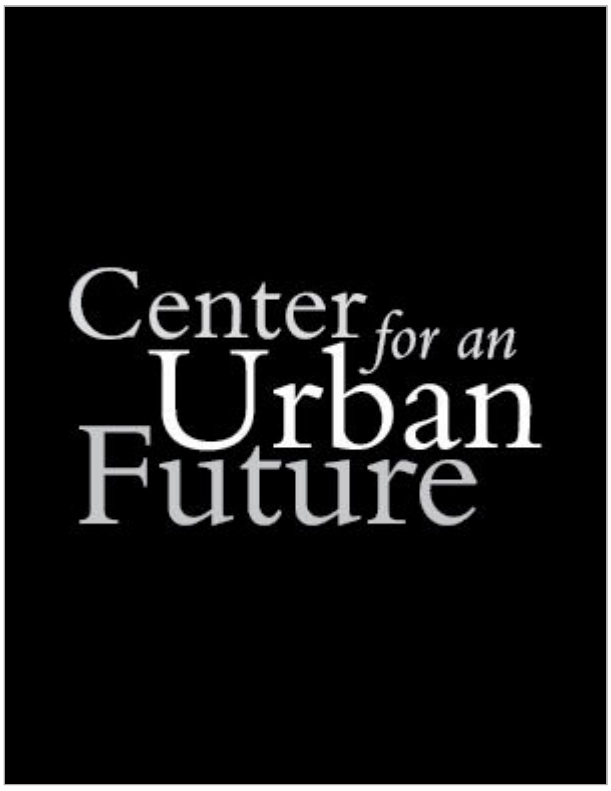
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Commentary/Op-Ed - December 2008

Q&A with Eldon Scott, founder of the Union Square Holiday Market

As part of our series of Q&A's with New York City innovators, entrepreneurs and policy experts, the Center's Jonathan Bowles interviews Eldon Scott, who is arguably the person most responsible for creating the city's holiday markets.

by Jonathan Bowles

Now in its 13th year, the Union Square Holiday Market has become a familiar December destination for New Yorkers. The market's distinctive mix of small-scale entrepreneurs and artisans draws hordes of shoppers looking for more unique gift-buying options—and a more interesting shopping experience—than one typically finds at the national chain stores that now dot the Manhattan landscape. To understand more about why the city's holiday markets work, why street fairs don't and why New York has so few great markets compared to cities like London and Paris, the Center's director, Jonathan Bowles, sat down for an interview with Eldon Scott, who is arguably the person most responsible for creating the city's holiday markets. A director at London-based Urban Space Management, Scott worked in the 1990s on developing innovative markets at Camden Lock and Spitalfields in London. Scott, whose career includes a prior stint working for the New York City Department of City Planning, then came back to New York and established the city's first holiday market at Grand Central Terminal in 1993, followed by ones at Union Square and Columbus Circle. The initial success also led to another holiday market in Bryant Park. Scott's firm today manages the holiday markets at Union Square and Columbus Circle, and is part of a development team that is now bidding to create a year-round market on Pier 57 at the Hudson River and 15th Street.

CUF: What accounts for the holiday market's success?

ES: From a pure retail point of view, it's variety and uniqueness. Most retail in America is top down, where you have national chains that have buyers who decide what fashions are and distribute down to stores. Our model is the opposite. We're dealing almost exclusively with small independent businesses, not national chains. We have as many buyers as we have vendors, and are all making individual decisions about what to sell and how to sell it. In that sense, it's a pure market. They succeed and fail based on their own judgments. Because of that, you end up with more unique and more quirky products than you would find in a traditional shopping center, where you pretty much know what the products are going to be when you enter the parking lot. We also try to allow the energy and feel of the street to come out. We don't want people to feel like

they're going into a store. We want people to feel like this is part of the street life of New York City. Another reason is the cost of the products here: The vendors generally sell at relatively low price points, which appeals to a wide group of consumers. The final reason is the sense of community. The energy of just bringing all these people together in a public space creates a real energy that emanates.

CUF: It sounds like creating the right mix of vendors is a big part of making this work?

ES: What's great about markets is that they are communities, and create a sense of place. I know that's cliché, but it's really true. I learned it first in London when I was working with [Urban Space Management founder] Eric Reynolds on the old Spitalfields Market. It was a large, empty, former wholesale fruit and vegetable market building, almost their equivalent of Hunts Point. We were essentially handed the keys to the building for nominal rent to warm it up for five years. It was during a recession and the neighborhood was really down and out. We had very little capital, but a lot of space. We had to create some sense of community. I learned you really can create it, and in an authentic way. It doesn't have to be a sterile mall. The way you do it is like having a great dinner party, where you invite interesting guests and arrange them around the table so they spark interesting conversations. The whole is greater than the parts. With markets, if you get enough people together in the right spot, it creates a real energy and draws other people. At Spitalfields, we did it by going out and finding hundreds of small businesses, entrepreneurs and artists who were short on capital but had energy and were willing to create risk and come in and create a destination. The key is having enough different vendors and activity so it becomes a destination—so people can read about it in Time Out and want to go see it.

CUF: What's the makeup of the vendors at the Union Square Holiday Market?

ES: There's no single story. We get people from what we call the creative industries that come from the New York area, from across the country and even around the world. We have straight retailers; people who have their own independent stores. Others only sell in the market, and then go back to Bali or wherever they live. There are people who travel the world and find products and bring them back to sell them. If you're going to do that, you're going to focus on the holidays. This is the perfect thing for them. They don't have to sign long leases. Most regions from the world are represented in the market. Once you put all these pieces together, it brings a certain energy.

CUF: How many of the vendors are from the city?

ES: I would guess that probably 75 percent of the vendors are from the New York area and about 25 percent are international. Through surveys, we've also found that a very high percent are women and minority; something like 85 percent. When the market is being set up, you can see all the owners and it’s easy to tell that they are from all over the world.

CUF: How many of this year's vendors have been a part of the market before?

ES: Two thirds are repeat vendors and a third are new. Of that, a third may have been with us for over 10 years. A lot of our vendors have been with us since the very beginning. One of them, Blue Corn Beeswax, makes beeswax candles in Colorado and comes every year to New York to sell his candles.

CUF: You mentioned earlier that it's important that most of the vendors are selling things at relatively affordable prices. Could you elaborate?

ES: The vendors have low overheads, because they're not supporting a big Manhattan store on a year-round basis. This is a one stop for them, and they can be in a busy part of Manhattan for the most important weeks of the retail year. Vis-a-vis the consumer, they are able to offer lower prices. Overall, the price points are generally are in the $10 to $30 dollar range. It's serving that lower price point range, in the gift space.

CUF: Can independent businesses actually afford space in the market?

ES: If we overcharged, they wouldn't come back. For all our projects, whether it's here or at Spitalfields in London, we focus on finding the right balance of infrastructure and cost. We don't want something too elaborate, like marble atriums; the retailers should provide the color. Our focus is to keep costs down so we can offer something affordable to small retailers, while also creating an authentic public space.

CUF: What does it cost to rent space in the market?

ES: We've kept it less than the holiday markets at Grand Central and Bryant Park. It starts at around $6,000 for the smallest spaces. It's what the marketplace is willing to pay. But we try to make a conscious effort to get in those vendors that we really want. It's a marketplace: vendors won't come back if it isn't worth their while. Thus far, the majority of people tend to want to come back.

CUF: New Yorkers tend to embrace the holiday markets, but it seems there's widespread dissatisfaction with the city's street fairs. Why is this?

ES: The big difference is we are attracting better retailers. The vendors here are unique. Street fairs tend to get peopleselling tube socks, t-shirts and sweatshirts. We won't sell those things. We try to pick and choose the most interesting retailers out of a pool. We attract certain retailers who wouldn't go into a street fair. Also, street fairs have suffered from being a little overdone. And it doesn't help them that they're not necessarily focused on the gift market at the holiday season. More than that, there's a big difference between setting up for two days at a street fair and making a bigger investment in a mini-storefront for about four weeks. In London, I learned that merchants like walls because you can do more with walls. With the booths we create, you can walk into them and look at the walls on display. The type of merchandizing you set up will attract better retailers.

CUF: How do you pick your vendors?

ES: We interview every vendor and they have to bring in sample products, photos of their products or, if they're new, sketches of what they're going to be selling. We don't run this like craft shows, which tend to be juried. We run it like we're a department store using our eye to try to pick the best lines, if you will. We also do a merchandizing plan, where we categorize all the retailers: men's apparel, women's apparel, jewelry, children's clothing, pets, fine art, etc. By looking at that, we try to see where we're too heavy or too light.

CUF: What's the ratio between the number of people who apply and the actual number of vendors?

ES: We get about 150 applicants for 100 spots. A lot of vendors won't even apply because they know they won't get in.

CUF: Do you ever worry that the holiday market might eventually become stale and predictable like the street fairs?

ES: We do worry about that. We purposely try to have turnover every year. And for our very good retailers, we ask them to look at new product lines and change things around. We don't want it to become like a street fair where it's too routine. The nice thing about being seasonal is that's it's once a year and can be special.

CUF: What would you do to improve or revitalize the city's street fairs?

ES: They are definitely more formulaic and there's not been a huge effort among the operators to change their format. The city should encourage those operators to change their model. I haven't really done much with street fairs, but I know it's very important to provide opportunities for small businesses and to try to think about more ways to support these businesses.

CUF: How is the current economic downturn affecting the market?

ES: So far, we're doing okay this year. We're concerned about next year. I know already that rents for storefronts in the neighborhood have dropped off. We have found that even now, people still want to buy gifts. But with the recession people appear to be dropping down from luxury goods to lower price goods. We're seeing that unfold in the markets. A lot of these retailers have stores or wholesale businesses in New York. I have heard that a lot of the people who have stores want to get into the markets because they need to make sales, and they are going to get the foot traffic at the markets. Some of the wholesalers have told us that orders suddenly stopped and they wanted to be in the markets to unload merchandise.

CUF: What's the next step for these holiday markets?

ES: I think permanent markets are the next step. I don't think you could have that many more holiday markets, because it would lose its specialness. We're now part of a bid for the redevelopment of Pier 57 on the Hudson River near 14th Street. Our element is creating a public market, where we'd take a lot of the Union Square vendors and give them workshops/ showrooms/retail space to have year round. If you put enough of these people together, it would create more energy.

CUF: Can this type of market succeed year round?

ES: Oh, yeah. In New York, there is more room for this. And I think it would thrive here. There could be a range of market sizes, from neighborhood-oriented markets to markets that have regional pull, like Union Square. But location is important. I think one of the mistakes that architects and urban planners make is to say let’s just put a market here. Markets don't always work. Union Square and Grand Central are fantastic locations. But there are things you can do in secondary or tertiary locations to make them work. One is to have work/sell space, where you give people showrooms or workshops that people also sell out of. Then you're not relying on retail trade alone, because in these areas you're not always getting the foot traffic to support retail business.

CUF: New York doesn't seem to have a lot of this type of thing now. Why?

ES: That's right. If you look at London, Paris and Tokyo, there's a lot more of this market activity. London has got markets in almost every part of the city, some of which are year round and some seasonal. It's more of a tradition there and in other parts of Europe. There's less of a tradition here. New Amsterdam was set up as a market town. The first market was down by the Battery. The Dutch East India Company set up storehouses, and residents and Indians would come in and barter. But Peter Stuyvesant wanted to organize it better and he started the first market there. And then, of course, there were thriving push cart markets on the Lower East Side. In 1930s there were the push cart wars under Mayor LaGuardia when national retailers, like Woolworth, came in and tried to curtail street markets. LaGuardia tried to organize it, with markets like the one at Essex Street. But they were never as good as the street locations, because they were a little too institutionalized and never the right spots.

CUF: Do you have any other ideas for economic development in New York?

ES: With some of big boxes in the boroughs outside of Manhattan, where you have a Home Depot or something, you could use that destination and have some liner shops around it—small businesses that could take advantage of that traffic. Those stores tend to be really big destinations, so there's some potential there. Also, with plans for new developments like the Far West Side, planners could think more about the size of the storefronts they're going to have. If you're only creating retail spaces that are 10,000 square feet and up, you're not going to get small businesses, because it's going to be too much rent for them. We try to provide small spaces, so they're affordable to small businesses. That's the principle at our markets: small spaces and lots of them together.



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