

INVESTIGATION OF FARMERS' MARKETS FROM THE SALES SIDE**NÓRA GOMBKÖTŐ**

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ABSTRACT

Farmers' market may solve many problems concerning long-distance transport. In this sales form, physical distance is reduced between the producer and the consumer, furthermore personal relationships and trust can be also established between these two actors. In addition, it provides small producers with the opportunity for producing and selling local, high-quality foods, and consumers are able to enjoy delicious, mostly local organic food products. Farmers' market is an increasingly popular sales channel in Hungary. While in 2010 there were 100, in 2014 there were around 200 farmers' markets, in 2017 their number increased to more than 250. The National Rural Development Program also encourages the sale of local products in this form. In this paper, a questionnaire survey was conducted with producers in the largest farmers' markets of the Transdanubian Region in Hungary, which was used to analyse the farmers' market features of the region.

Keywords: farmers' market, sales, questionnaire survey, differences, market opportunities

INTRODUCTION

Recently, conventional farming is increasingly replaced by alternative farming methods (ecological, integrated, etc.), which have a positive impact on the environment and health as well. Number of conscious customers are increasing gradually, who consider the origin and quality of the eaten food, and they are looking for such purchasing opportunities where they can get information about the product, make sure about taste and quality of the product based on several product samples. Therefore, there is a need for methods that meet this need in a local, safe and sustainable way. The so-called short supply chains (RELS) may be appropriate option due to reducing physical distance between the producer and the customer and in most cases production take place within the framework of organic farming. Farmers' market is one of the possible types of short supply chains. It follows the principle of direct sales by excluding retailers, therefore they are classified as short food supply chains (PÓLA, 2016).

Local farmers' market is a market where small-scale farmers sell agricultural or food products from their farm. These farms are generally located within a distance of 40 km of the market or respective the capital anywhere in the country. Local and fresh products can be easily accessed by these attractive markets, which recently occur at more and more places. Farmers' markets give consumers the opportunity to buy domestic foods produced by small-scale farmers. This strengthens not only the customers' health awareness, but also the fact that by purchasing the farmers' products they support their livelihoods and it promotes the spread of consumption of domestic, small-farmers' foods. By creating a relationship of trust between the producer and the consumer, farmers have the opportunity to focus on quality of their products with even better products, while the consumer can get food that has a well-known origin and the way of production. The basic differences between farmers' markets and traditional markets are represented in *Table 1*.

Table 1. Comparison of local farmers' market and traditional market

	Local farmers' market	Traditional market
Operation	only notification (at the competent municipal notary)	require authorization (at the competent municipal notary)
Vendors	small farmers	small farmers, farmers, food and non-food companies, retailers
Territorial restriction on sales	Products may be sold in the following territories: – in the county of the small farmer, or – in the airline, within 40 km of the farm, or – from anywhere in the country on the local market in Budapest.	Non-animal basic products, honey, live fish may be sold to the final consumer nationwide, at all markets and fairs. Basic products of animal origin and any processed products may be sold on the Hungarian markets within the region (in his own county and in Budapest), as well as in the air, 40 km away from the farm. Undertakings that are authorized or not notified under the Small Producer Regulation may sell their products on the market without territorial limitation.
Product range for sale	Agricultural products from small farm and food produced by the small farmers.	Any product with appropriate permissions/conditions.

Source: Nemzeti Agrárgazdasági Kamara, 2016

Farmer's market provides sales opportunities for local producer farmers occasionally, periodically or regularly, which may be organized by a local group of farmers, the local government, an integrator or other organization (KAJNER, 2007). This type of sales constitutes a new legal option, which can be organized periodically under lightened conditions, and there is no need for an intermediary (HINRICHS, 2000). These markets can be specialized in organic products, but organic farmers also can join the already existing markets integrating traditional products.

One of the most important rules of local farmers' markets that only local small-scale farmers or licensed traditional small-scale producers may sell on the market.

A small-scale farmer is a person who sells small quantities of food produced by himself/herself or processed from the raw product. It is important that the small-scale farmer may supply the retailers and catering organizations located up to 40 km from the farm. Small-scale farmers' raw products include vegetables, fruits, milk, live animals, eggs, honey and mushrooms, while processed products include fruit juices, cheese, butter, cottage cheese, sausages and jam. Licensed traditional small-scale producers are not private entrepreneurs and they produce on his own farm and can prove it by his/her licence. Small-scale farmers and licensed tradition small-scale producers have to comply with a number of rules of sale in farmers' markets. For instance they have to ensure fruits and vegetables which are healthy, clean, pest-free, strange taste-free and odor-free quality. In addition, products must be in a condition that they can be transported and arrive at the set market in an appropriate condition. It must be emphasised that the producer is responsible for the quality, food safety, documentation and traceability of the product (KOMÁROM-ESZTERGOM MEGYEI KORMÁNYHIVATAL, 2017).

Farmers' markets have many strengths, weaknesses, opportunities and threats. Strengths are the follows: sale of fresh goods, immediate revenue, building trust, more choice and relatively constant prices. However, the weakness includes the long distance between settlements, where purchasing power is centralised, the higher cost of delivering to the market, the non-transparent food security is, lack of commercial knowledge, lack of cooperation among producers, and uneconomical logistics processes. Opportunities of local market are that it may lead to a change in consumer behaviour, an increase in demand, or a move towards quality products by catering units. Threats may include lagging areas, legal background, lack of support, and customer distrust.

According to the register of the National Chamber of Agricultural Economics, there are currently 251 farmers' markets in Hungary.

MATERIAL AND METHODS

Farmers' markets were examined from supply side. Data were collected from six major farmers' markets in the Transdanubian region of Hungary in 2017. Research focused on the characteristics of farmers selling. The main products of the viable farmers and concerning main features (e.g. product groups, arable land, number of employees) were explored and determined. The survey was carried out by questionnaire concatenated with interviews. A total of 68 questionnaires were completed in this way.

The evaluation of the given responses was performed using basic statistical methods (mean, standard deviation, ratio, analysis of variance, correlation). Using analysis of variance (ANOVA), it was examined whether there is a significant difference between the observed six farmers' markets in any aspect, that is, whether different location affects the specificities of the farmers on the set markets. After that, farming and marketing characteristics of farmers were examined on detail based on responses given by producers in each market.

RESULTS

As for the analysis of variance (ANOVA), the number of scores in each treatment (r) is the number of farmers surveyed per market, while the number of treatment conditions (k) is equal to the number of observed farmers' markets. Thus, the total number of scores is the multiplication of the two ones ($n = r \times k$). With these data, the analysis was carried out for a total of 14 factors that show some of the farming and sales characteristics of the farmers'.

In calculations, F-ratios were calculated in case of all 14 factors. Since the two degrees of freedom were always the same, each test was associated with the same critical value (F-critical).

The result of the variance analysis shows that in view of four factors (the farmers, the number of employees, the type of sold products and the marketing tools used), differences can be observed depending on farmers' location. Accordingly, there are differences in two main region, on the one hand in territories located closer to the capital and to the central part of the country, on the other hand in the counties located along the western part of the country. In case of the first-mentioned farmers that they have higher educated (60%), have higher number of employees (2-3 per farm), produce more processed products, and use more marketing tools (4-5) to promote their products, than farmers from the other region. In the opposite, farmers in counties of the western part of the country have lower qualifications (20-40%) and fewer or zero employees (0-1 people), the number of their unprocessed products are much higher and they use fewer (2-3) marketing tool.

66% of the respondents are working with products of plant origin, 30% of them are working with products of animal origin, while 2% of them are working with mixed products, however, there is a significant difference between the two regions mentioned above, as most of the products of animal origin are produced in the central areas of the country. Within products of animal origin (e.g. milk, dairy products, live pigs, pork, dry goods, eggs, honey), products of different animal species appear in almost the same proportion, nearly 60% of which have been processed.

90% of products of plant origin come from the horticultural sector (vegetables and fruit in the same proportion). They can be also characterized by the fact that half of the farmers produce vegetables and fruits. When it comes to fruits, 1/3 of the farmers sells only fresh fruits, 1/3 of them sells only some kind of fruit products (jam, syrup and juices) and 1/3 of them sell a mixed palette (fresh and preparations). For vegetables, fresh and unprocessed goods are the most popular (70%), a small proportion (20%) of producers sell only vegetable products while mixed sales features only the 10% of farmers. For this latest mixed sales, 50% of the products are fresh and 50% of them are processed.

In addition to the farmers' market, farmers sell their products on average 2-3 distribution channels, but the number and type of these channels differ from each other. While in the central region of the country usually 1-3 distribution channels are used, in the western region of the, it is preferred to 2-6. This is because of that the middle areas are closer to the capital, where there are several markets available, while far away farmers have to use multiple distribution channels to sell their product. It is equally true for each region that the most favoured distribution channels, in addition to farmers' market, are traditional market (preferred by 59% of farmers), as well as sales from the home (preferred by 60% of farmers). The latter is chosen rather by producers of animal products (including beekeepers as well), but less by fruit growers, while vegetable growers choose this type of sales not in the least. Nearly a quarter of the farmers sell to buyers, restaurants and by home delivery as well. The latter two ones appear in a larger proportion in western regions (48% and 38%). In this area, however, it is not important to sell to bio stores, greengrocers, consumer communities or online, while in the middle region these channels are also present in one-quarter of the farmers. It can be said that all the surveyed farmers in all the regions sell hardly at the fairs, along the way, or by PSOs (Producer Sales Organizations).

As for buyers, each farmer has regular buyers and occasionally about 15 to 40 buyers visit them on the farmers' markets.

Almost one third of the farmers have to looking for additional markets beyond 40 kilometres away from local sales and only about 15 percent of them have the opportunity to sell locally (within 5 kilometres). Most of them operate in regions close to the capital. There is also a relatively large standard deviation between the delivery distances of farmers producing different product types, particularly between vegetable growers and mixed production (vegetable and fruit growers) farms. However, it is basically a fact that producers of animal products sell within relatively small distances (within a radius of 25 km), obviously because of the viability and perishability of the products. Beekeepers and fruit growers deliver their products rather to long distances (50-100 km).

As for marketing tools, the word of mouth (WOM) is the most commonly used and popular advertising that applied by at least three quarters of all producers, the producers trust this most. A customer's positive feedback about a product, giving the feedback to friends, is the best advertising for the farms. Based on the results of the variance analysis, it can be stated that the marketing tools used by the producers vary considerably between regions.

Even though more than half (53%) of all producers use online advertising, this marketing tool is mainly popular in the middle region of the country, where 70% of producers use it

on a daily basis for marketing. Advertising board is also popular in this region, while in the western part of the country is preferred the leaflet. Concerning other marketing tools, standard deviation is extremely high for both producers and county markets as well. The print media, the use of vehicle advertising, product promotion at exhibitions, fairs and the delivery of the product sample to the consumer are also displayed. Printed media, vehicle advertising, promotion at exhibitions, fairs and product samples also occur.

CONCLUSIONS

During this research, farmers' markets from different regions of Hungary were examined in order to find out what characteristics have domestic farmers who choose this relatively new distribution channel and whether there are territorial differences within the country.

Each of the interviewed farmers drew attention to the importance of farmers' markets. Their confidence in the new system is reflected both in their credibility and commitment, which they can best demonstrate with their long-term plans. However, the most prominent similarity is the focus of humanity on all three markets, namely that they focus meet individual needs, They can also provide customers with quality food that does not disappoint their customers. This was pointed out by the survey with the daily number of customers and the frequency of regular buyers.

As for regional differences, two major regions can be distinguished where specific characteristics of producers (qualification, number of employees, type of products, marketing tools) differ from each other significantly. One such area is the western region of the country and the other one is the central part of the country. The latter is closer to the capital, obviously, the characteristics of this region is fundamentally influenced by this proximity. Respectively the product ranges, it can be stated that a smaller proportion of farmers deal with animal products, only in the middle regions, so it would be desirable to promote the production of these products nationwide.

Due to the higher costs, and thus the risk of a lower profitability, only a small proportion of farmers are organic producers. However, consumers appearing on special markets require a higher quality, healthy product, thus the sales volume of organic products may be increased in these markets, which would ultimately increase profitability.

Farmers in the western region try to sell their products through a number of sales channels, while in the middle region, far less marketing channels are applied due to the market potential of the capital, so their delivery distance is much lower. Besides the farmers' market, the most popular sales channels are the traditional market and the home sales. Other sales channels are not known or used minimally. However, these could provide new opportunities for farmers. The intermediary role of PSOs is not used, which could, however, significantly facilitate the sale of their sales. In the long term, it would be useful to promote other sales channels among producers by different professional organizations.

It would be very important issue to introduce and promote farmers' markets among all age groups. There should be an opportunity to get more information on this topic. With the involvement of the media, the already existing producer markets could be promoted focusing on healthy, quality foods. With widespread of awareness of health, it is possible to reach different ages with log of internet journalists', lifestyle magazines, and TV interviews. In our opinion, the attention of the younger generation could be brought by posts of well-known people in social media. Additionally, the popularity of visiting farmers' markets could be promoted by combination with special events, festivals which would attract mass of consumers to the market and are visited not only by the neighbourhoods but the residents of distant settlements. In addition to these events, several family days could also be a good option to introduce these farmers' markets. We think it

would be expedient to increase the opening hours of farmers' markets. It would be important not only to open up a single day, but at least on an ordinary and a weekend day as well.

ACKNOWLEDGMENTS

This study was supported by Magyar Agrárközgazdasági Egyesület.

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