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**Rural Industries Research and  
Development Corporation**

# **‘New Generation’ Farmers’ Markets in Rural Communities**

**A report for the Rural Industries Research and Development Corporation**

by Max Coster and Nicole Kennon

August 2005

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# Foreword

In Australia the popularity of farmers' markets is increasing. Many markets regularly attract over 3000 people yet little is understood about the role they play in developing social cohesion or the economic benefit they generate for the farmers and their associated communities.

This research project aimed to provide an understanding of:

- the social and economic benefits to rural and town communities provided by 'new generation' or producer-only farmers' markets
- the employment and local leadership created by farmers' markets
- the relative benefits perceived by farmers compared to other marketing options
- the factors that contribute to a successful farmers' market.

Farmers' markets appear to have an energising effect on the small farms that participate and their associated rural community, as measured by the level of consumer interest in local produce and the farming community. The markets have improved the price received by local growers and increased diversity in locally produced products and services.

Farmers' markets may be the start of a co-ordinated regional agribusiness program, or they may be a final stage in a program. They are usually associated with a quick upsurge in new product innovation as local growers and consumers combine their ideas. For some producers the markets are a stepping stone to more ambitious marketing programs, while for others the markets represent an opportunity to improve awareness of their produce in the local community.

This publication documents the current status of farmers' markets in Australia and the issues faced by market managers. It also provides an analysis of the similarities and differences in markets conducted in three demographic settings: rural, regional and metropolitan.

The project was funded jointly by the Rural Industries Research and Development Corporation and the Victorian Department of Primary Industries, with extensive in-kind support provided by the Australian Farmers' Markets Association, managers of farmers' markets, vendors and consumers.

This report, an addition to RIRDC's diverse range of over 1200 research publications, forms part of our Human Capital, Communications and Information Systems R&D program, which aims to enhance human capital and facilitate innovation in rural industries and communities.

Most of our publications are available for viewing, downloading or purchasing online through our website:

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**Peter O'Brien**  
Managing Director  
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- members of the project's reference group: Sophie O'Neil (Cardinia Ranges Shire, Victoria), Miranda Sharp (Manager, Collingwood farmers' market, Victoria), Noelle Quinn (Manager, Hume–Murray Farmers' Market, New South Wales), Allison Bockman (Food Barossa/Food South Australia), David Mason (DPI, New South Wales), and Richard Sager (Flinders University, South Australia)
- managers of the farmers' markets around Australia who completed a long written survey
- consumers and vendors of the Collingwood (Victoria), Hume–Murray (Victoria/New South Wales), and Hastings (New South Wales) farmers' markets who patiently answered questions.

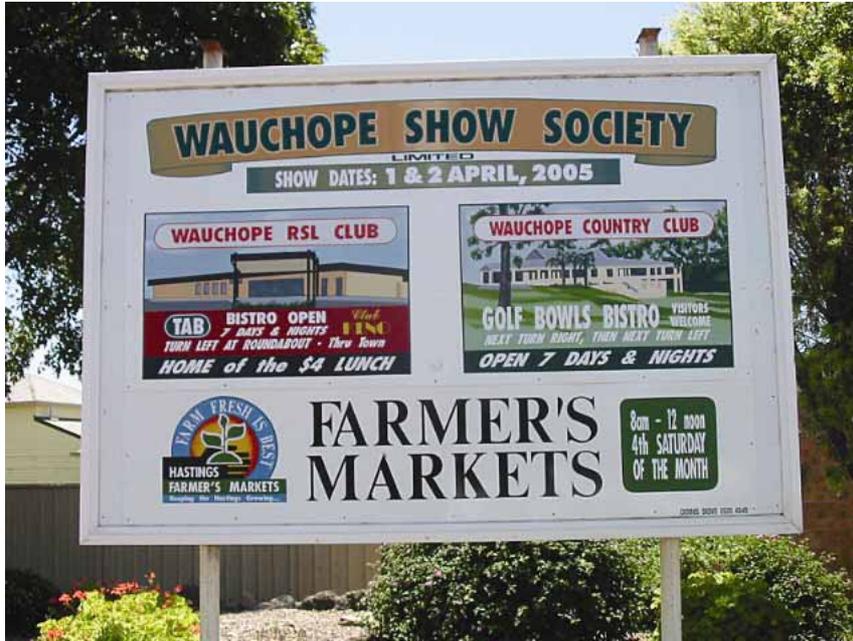
A special thanks also to the project supervisors who bore the brunt of the quality assurance work in reading the drafts of this and other reports and publications, especially Greg Roberts, Kate Stoney and Carolyn Cameron of DPI (Victoria).

## List of abbreviations and terms

RIRDC	Rural Industries Research and Development Corporation
DPI	Department of Primary Industries (with relevant state in brackets)
FM	Farmers' market
AFMA	Australian Farmers' Markets Association (also state divisions)
Farmers' market	A predominantly fresh food market that operates regularly within a community, at a focal public location that provides a suitable environment for farmers and food producers to sell farm-origin and associated value-added processed food products directly to customers. These are also known as producer-only markets and new-generation farmers' markets.
Vendor, stallholder, farmer, grower	Alternative names for the supplier of fresh or value-added produce at farmers' markets; the person who made/grew the produce.
Market manager	Person who manages the day-to-day market operations (sometimes also called 'market coordinator' or 'market organiser'). Their duties include setting and managing the rules of the market, complying with government rules and regulations, collecting fees, resolving disputes and promoting the market.
Market organiser	The individual or group behind the establishment of the market.
Consumer	The customers at farmers' markets.
Management committee	A group that sets the policy for the market and oversees the market manager. A number of farmers' markets are conducted by private entrepreneurs who operate in place of a management committee.
Farmer committee	A representative group from the market stallholders who set policy on who can supply the market and sort out disputes involving farmers.
Mixed market	Markets where a wide variety of items are sold including bric-a-brac, clothing and other non-food items. In these markets there is no requirement for the person selling the produce to have grown or made it.

# Executive Summary

The first 'new generation' or producer-only farmers' market in Australia opened in Sydney: by early 2004, there were around 70 farmers' markets spread throughout all the states, with numbers on the increase. There are many claims made in international studies about the environmental, social and economic benefits of farmers' markets, which this research set out to test in an Australian context.



Overall, the research found that farmers' markets:

- are complementary to existing businesses and provide a small fraction of total food sales
- effectively showcase local produce and may act to educate customers in local food systems (including seasonality)
- provide an opportunity for radical change for some producers in their production and marketing strategy
- provide a forum for

- communities interested in fresh food, its source, and ideas for new products
- provide an opportunity for business and personal growth for participating producers in a 'business incubator' role
- may act as a low-cost test market for new farm products
- provide a high-return market for a small portion of farmers' produce
- require a high level of passion, imagination, perseverance and skill by the market manager to be successful.

A farmers' market is largely a win-win for all concerned; even retailers benefit from the funds being retained in the district and recycled through farmer purchases. The authors believe that farmers' markets can make a valuable contribution to the social cohesion and economic development in the communities in which they operate provided they are well conducted and constantly seek to embrace customer and vendor issues.

## What makes a farmers' market successful?

The national survey carried out for this study showed that the main differences between markets were due to the demographic/geographic situation in which they were located (that is, between metropolitan, suburban/regional and rural locations). While farmers' markets can operate effectively in a wide range of demographic situations, markets need to address the particular nature of the area: this includes population and income distribution, availability and diversity of produce throughout the year and the opportunities that exist for integration with other local food initiatives.

The survey of customers and vendors in each of these market locations also revealed many similarities, with consumers emphasising the importance of being able to purchase fresh fruit and vegetables. Customers at the regional and rural markets were also concerned about supporting local industry.

Farmers who attended several markets had clear opinions about what attributes made a market successful. These included regular communication between the market manager and growers, a multi-pronged approach to promoting the market, and fair and equitable rules that are enforced consistently in relation to market operations.

In addition, for a market to remain successful, market managers need to monitor the proportion of new customers against those who waver in their support so as to identify trends in market growth. Constant monitoring of customer and producer feedback is essential for market growth.

### **Different categories of farmers' market vendors**

The research identified three categories of vendors. The first category achieved more than 20% of their overall sales at the farmers' market and considered the markets to be strategically important for their business. The second category used the farmers' markets as an opportunity to showcase their produce to the local community. The final category of vendor had actually 'outgrown' farmers' markets and no longer supplied them. This latter category represented one of the successes of the farmers' market concept; these producers recognised the contribution of their involvement in farmers' markets in their ongoing marketing and business development.

### **Benefits of vendor participation**

Farmers were able to list an average of at least six benefits of participation in the markets, including new product development, increased sales, improved business confidence and changes to their overall production systems.

Growth in employment was reflected in an increase in family labour for most farms, however those farm businesses that had outgrown the farmers' market also tended to be employing other people as well.

### **Support for farmers' markets**

Local communities support farmers' markets. In the case study research a high proportion of customers came from the local area: 50% of customers at the metropolitan market (Collingwood, Victoria) travelled less than five kilometres, more than half of the customers at the regional market (Hume–Murray, NSW/Victoria) were from the two adjoining local government areas where the market is conducted, and over 90% of customers at the rural market (Hastings, NSW) came from the local shire.

Farmers' markets have appeared at various stages in the development of regional agribusiness programs. For some regions the farmers' market preceded other programs such as food trails, pick-your-own, on-farm restaurants, food festivals, regional agribusiness forums and regional marketing programs. In others they became one of the latest 'add-ons' to an existing agribusiness program.

### **Concerns about future development of farmers' markets**

Producers' voiced many concerns about the particular markets they supplied, however three issues stand out as being significant if farmers' markets are to develop further in this country:

- The integrity of produce must be guaranteed and the farmers' market movement needs to instigate a quality assurance program to ensure that produce is from the source stated on the display.
- Markets need high quality leaders who can effectively promote their market, train and encourage their suppliers, and maintain community spirit. The careful selection of managers needs to be supported by training so they can keep up-to-date with innovations in other markets.
- The 'business incubation' role of farmers' markets has been clearly demonstrated; in the leading markets this is reinforced by grower training sessions and a recognition of improvement. As a

result these regions have greatly diversified and strengthened their farming and associated agribusiness.

There are many well-managed farmers' markets. However, it is clear that some markets are not so well-managed or supported by their local community. High priority should be given to studying the best available practice in managing farmers' markets, as well as researching some of the older markets to learn from their experiences. This research will then be able to inform the continuing expansion and development of farmers' markets in Australia.

# 1. Introduction

## Background

Farmers' markets are one of the oldest forms of direct marketing by small agricultural producers to consumers. As agriculture became more industrialised post-World War Two, many agricultural commodities were sold with the assistance of statutory marketing authorities. This resulted in pressure on farmers to distance themselves from consumers. This alienation of farmers from consumers has also increased through further processing of products (with products being sold directly to food processing companies), stricter health laws and the rise of retail supermarkets, now the principal source of food for households (Francis 2002, p. 28).



More recently, it would seem that the relationship between consumers and farmers has turned full circle with more consumers wanting to know that the food they consume is 'healthy' and 'fresh'. Some consumers now distrust the practices used by food processors, supermarkets and the farmers who supply them.

A related phenomena has been a renewed interest in farmers' markets. Since 1983, over 3500 markets have started in the USA and over 450 in the UK. This form of market appears to provide

direct benefit to small farms and greater confidence for the rural communities which hold them. Farmers' markets are also becoming popular in European countries and New Zealand. However, little is understood of the role of new farmers' markets in developing social cohesion and economic benefit for communities.

## Benefits of farmers' markets

Farmers' markets operate with multiple objectives:

- to preserve farmland and sustainable agriculture
- to support and stimulate the profitable trading, viability and business growth of independent primary producers, hobby farmers, community and home gardeners, and associated produce value-adders
- to provide customers with regular supplies of fresh food and access to improved nutrition
- to contribute to the economic, social and health capital of the host community.

The benefits that farmers' markets allegedly provide to their host communities can be split into three broad categories: economic, social and environmental. These are discussed briefly below.

## **Economic benefits**

The discrepancy between prices paid to farmers by supermarkets (or their agents) and that paid by consumers at supermarkets has prompted farmers and consumers to see if there is a more mutually beneficial way to trade. The farmers' share of the retail price for many products has been reduced to around 15–25% for many commodities, with lettuce growers receiving as little as 5–10%. Farmers' markets offer the potential for some farmers to retain a higher proportion of the normal retail price.

Furthermore, there is supposedly an economic benefit to the community as more money is spent in the local economy, providing a multiplier effect. Money stays locally as it is spent on wages for local people or in buying local produce. Although it may appear that farmers' markets are competitors to supermarkets and other outlets, it is argued that they complement each other by increasing total sale volumes on market days.

Farmers' markets can also provide an opportunity for farmers to access new markets through the interactions that occur on market day, and by providing a new site for them to sell their produce.

Farmers' markets can also act as an 'incubator' for farm, food and cottage businesses as they establish their place in agribusiness. Paul (2002) reports that many corner grocery stores and food processors in New Orleans (USA) had their origins in supplying to local farmers' markets.

Consumers are reported to gain access to fresh, healthy local produce at competitive prices and enjoy the atmosphere and experience of farmers' markets. A consumer attitude survey conducted in the UK revealed that 80% of buyers at farmers' markets believe that the price of fresh produce is the same or lower than grocery store prices. (Bullock 2000)

## **Social benefits**

Adams (2003) argues that, among other benefits, farmers' markets can revitalise town and public space, regenerate the community spirit of the host community, make rural and urban links, and benefit health.

Producers engaged with direct marketing through farmers' markets report benefiting from the opportunity to develop their marketing and business expertise through increased networking and learning from other farmers and consumers, which can further develop local business capacity.

US experience (for example, United States Department of Agriculture 2002) with markets in low-income areas may have relevance for some lower-income rural and first home-owner urban areas of Australia. Guidelines for markets in these areas include the following recommendations (Community Food Security Coalition 1999):

- low-income areas may not have the financial clout to support a fully-blown farmers' market and smaller markets may be more appropriate
- market managers need to ensure the product mix is geared more towards affordable basic foods, rather than value-added processed foods
- markets need to be community-owned and community organised
- markets need more financial support at the outset; to keep prices down, market managers can agree to lower stall costs to farmers, or a market in a low-income area may be linked to other markets and subsidised by those markets.



## Environmental benefits

Food is not normally transported long distances to farmers' markets. This contrasts with supermarkets in regional cities where produce may leave the local area, be processed through a central system in a capital city and then returned to the regional centre from where it came, making a round trip of several hundred kilometres.

Farmers in the USA report that 22% of their crop could not be marketed if farmers' markets were not available, due to

supermarkets not accepting produce outside of their specifications. There is also a reduction in the amount of packaging material which can't be used when supermarkets change their packaging specifications (Festing 1998).

Farmers' markets may also provide opportunities for consumers to learn more about produce so they become less concerned with the external appearance of produce and learn more about flavour and environmentally sustainable growing practices. They are also important outlets for farmers selling organic and less intensively produced or processed food.

## Introducing farmers' markets to Australia

Since the first 'new generation', or producer-only, farmers' market opened in Sydney, their number has grown rapidly (there are of course many other 'mixed' markets where farm produce is only one of many commodity groups traded, and where agents and retailers sell farm produce). By January 2004 there were 70 farmers' markets distributed throughout the Australian states (Australian Farmers' Market Association 2004):

New South Wales	28
Victoria	22
Queensland	8
South Australia	4
Western Australia	5
Tasmania	3
Northern Territory	0
ACT	0
<b><u>Total</u></b>	<b><u>70</u></b>

The markets were in a range of locations: inner city suburbs of the capital cities, regional centres and in small rural towns. While it may be thought that cities are well serviced by supermarkets, some suburbs do not have fresh food and grocery shops. A farmers' market located in one of these suburbs may be a means of overcoming the difficulty of getting fresh produce (Coit 1998, p. 344). They could have a similar role to community banking services which increase access to financial services in these same suburbs. They may also be the source of valuable off-farm income for small farms.

There are many benefits ascribed to farmers' markets from international studies, and a rapid increase in the number of farmers' markets in Australia. It is therefore appropriate to test whether these benefits are capable of being reproduced under Australian conditions as an improved understanding of farmers'

markets may create the opportunity to provide an immediate and lasting social and economic benefit to rural communities which adopt this form of market.

## How farmers' markets operate

Most operators of farmers' markets in Australia have some sort of community base and are supported by volunteer organisations or local government; the remainder are managed by private operators. Several privately-owned and operated farmers' markets have established in Queensland. In Victoria,



two firms—Regional Market Services and Highland Events—each operate five to seven markets at any given time. Regional food groups also operate a number of farmers' markets such as Hawkesbury Harvest (NSW), Limestone Coast Food Group (SA) and Hume–Murray Food Bowl (NSW/Vic).

Local government input to farmers' markets has been variable. Some councils see the markets as an important community innovation and have provided physical facilities, staff, promotional funds and a public liability insurance facility (for example Hastings, NSW). In contrast,

other councils have been suspicious of the motives of groups wishing to start a farmers' market and are reluctant to lend their support, fearing criticism from existing businesses and farmers not included as suppliers to the markets.

Market organisers who have had strong backing from their local council appear to be more connected to overall economic development strategies being pursued by their region, and have been more innovative in promotion, for example, Barossa Farmers' Market (SA), Cardinia Farmers' Market (Vic) and Hastings (NSW). It would appear that in some other areas local government officers need convincing of the economic benefits to their region before making this investment. Some may lift their involvement once they see the evidence of the markets and more data on their economic performance becomes available. A risk is that markets may fail due to under-investment and that this discourages further local government investment.

The Australian Farmers' Markets Association is a fledgling organisation that has been set up to form a framework for best-practice farmers' market operators to exchange information, co-ordinate policy and promote grower-centred farmers' markets across Australia.

## About this study

This research focuses on producer-only markets, especially the interaction between the various stakeholders, and the resulting impact on the community. In the original stages of this study these markets were called 'new generation' farmers' markets to distinguish them from the long-running 'mixed markets'.

## Objective

The objective of this research was to determine the role of new generation or producer-only farmers' markets in rural communities and towns and the impact on associated small farms in those communities.

## **Methodology**

### **Stage 1**

Following a search of relevant literature, a national mail survey of managers of markets was conducted. It was felt that little was known about the basics of the different markets and a survey would be the fastest and most appropriate way to get this information.

In addition to the 70 markets already existing on a database prepared by the Australian Farmers' Market Association (AFMA), a web-based search was conducted through the White Pages™ On-line and Google for additional markets that would meet the criteria of farmers directly selling to consumers. The result was a list of 81 markets that nominally met the following criteria:

- farmers sold direct to the public
- a collective of farmers were involved in trading
- the market promoted direct farmer–consumer interaction
- a manager of the market could be clearly identified.

### **Stage 2**

Three farmers' markets were chosen for detailed study. One criterion for selecting them was that they should reflect major demographic differences and therefore one each was chosen from a metropolitan, regional and rural setting. Other criteria used in their selection were that they be:

- long-standing markets (so trends may be evident)
- markets considered to be well managed so future market managers could see levels to which their market may aspire
- markets from across several states (in the end only Victoria and New South Wales were represented; a separately-funded study of farmers' markets in South Australia did not proceed).

The key groups surveyed in relation to each farmers' market were market managers, customers and farmers/suppliers.

### **Reference group**

From the outset of the research a reference group guided, advised and monitored the project. Membership of the group came from government, research and community sources:

Manager (self-employed)	Farmers' market	Vic
Manager	Farmers' market	NSW
Barossa Market Organiser	Food South Australia	SA
Chair	Australian Farmers' Markets Association	NSW
Resource Management Liaison Officer	Department of Agriculture	NSW
Research Officer, Public Health	Flinders University	Vic
Industry Officer	Department of Primary Industries	Vic
Food and Wine Development	Cardinia Development	Vic

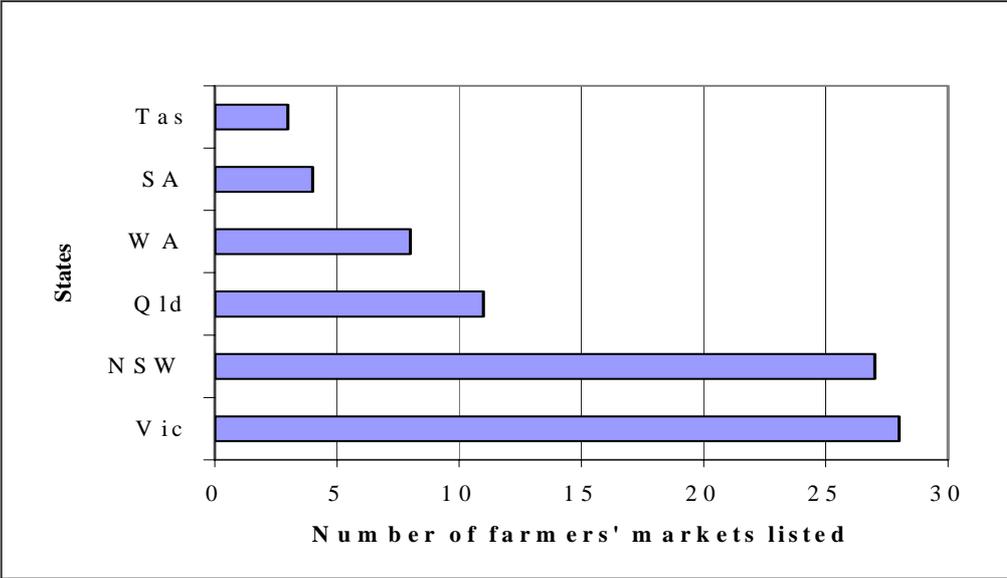
In addition an observer from Massey University in New Zealand was invited to the final workshop to encourage further links and ongoing research in farmers' markets.

# 2. Farmers' markets in Australia: an overview

## Introduction

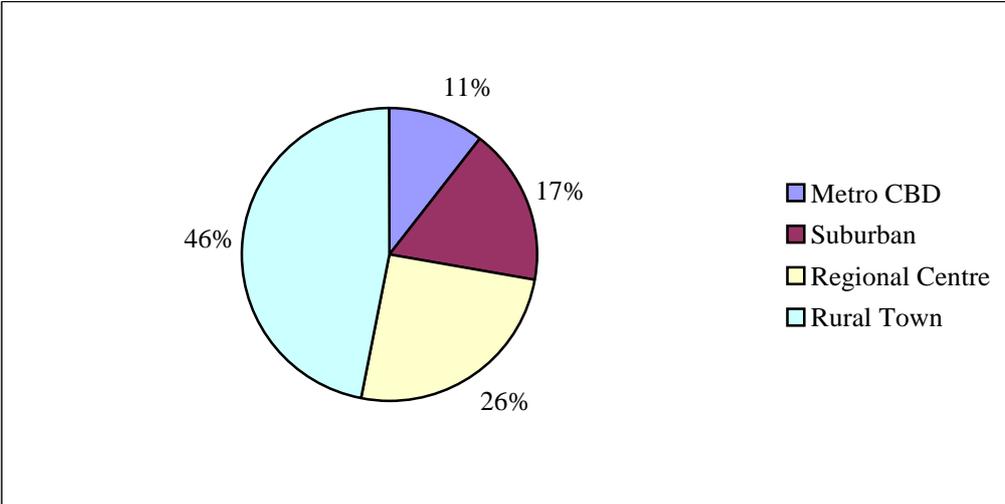
This chapter reports on the results of the national survey of farmers' markets in Australia. Eighty-one farmers' markets were identified Australia-wide and were sent survey forms; the response rate was 58%. The majority of the markets were located in New South Wales and Victoria; however, all states (not the territories) had farmers' markets (Figure 2.1).

Figure 2.1 Market locations by state



Forty-six per cent of respondent markets were located in rural towns, 26% in regional centres, 17% in suburban locations and 11% in metropolitan areas (see Figure 2.2).

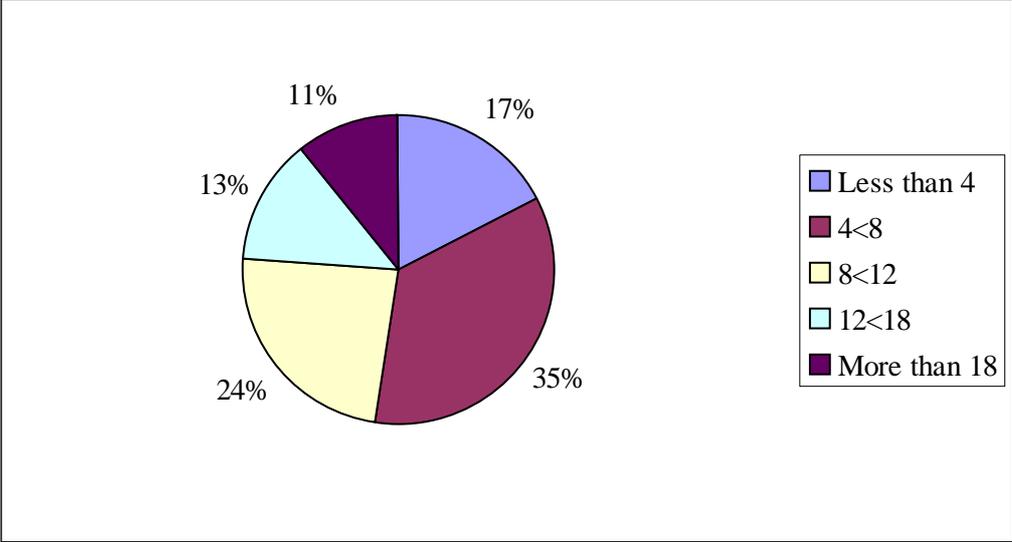
Figure 2.2 Market locations according to settlement type



Two-thirds of the farmers' markets reported that they had been operating for two years or less, highlighting that this type of market is at an early stage.

The most common period spent in planning before a market opens for business was 4 to 12 months (Figure 2.3). At the extremes, some markets took in excess of 18 months (11%) to become a reality, while others were operating within 4 months (17%).

**Figure 2.3 Number of months market organisers spent planning their farmers' market**

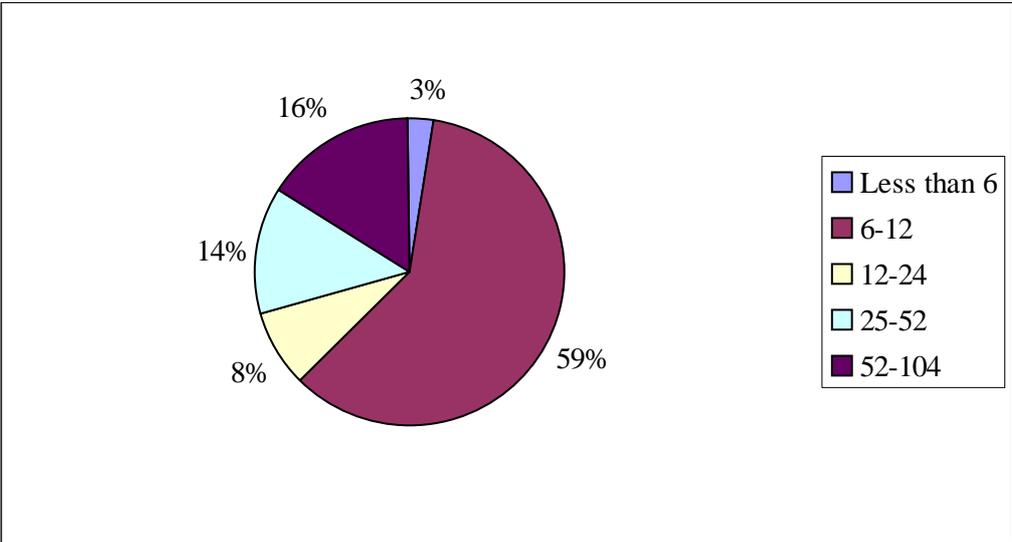


**Operation of farmers' markets**

**When and where do markets exist?**

Fifty-nine per cent of markets intended to conduct 6–12 markets each year, with a further 16% planning to conduct markets on a weekly or twice weekly basis (Figure 2.4).

**Figure 2.4 Number of markets conducted per year**



Most markets (76%) are conducted on a Saturday; the majority operate over a four to five hour period and are held in local showgrounds, a park or town square area (Table 2.1).

**Table 2.1 Physical location of farmers' markets**

Venue	Number	Per cent
Showgrounds	11	24
Packing shed/warehouse	3	6
Car park	4	9
Racecourse	3	6
Community centre/hall	4	9
School/sporting ground	4	9
Farm/vineyard	2	4
Park/town square	15	33
<b>Total</b>	<b>46</b>	<b>100</b>

Sixty per cent of respondents (90% of markets) stated that they were charged for using the site.

### What facilities do markets provide?

Eighty-nine per cent of the markets had car parking and 96% had access to public toilets. Ninety-six per cent had electricity available, 57% had a picnic area where people could relax and 51% had roofed areas for vendors. Two of the markets had EFTPOS/credit card facilities.



Some of the additional services available at one or more markets included:

- children's entertainment, animal farm, jumping castle and storytelling (Vic suburban)
- visiting chefs cooking food available to the market, recipe cards, food samples (NSW regional)
- a village hall for use during wet weather (Vic rural)
- parking officials (Vic suburban)
- good shade from trees

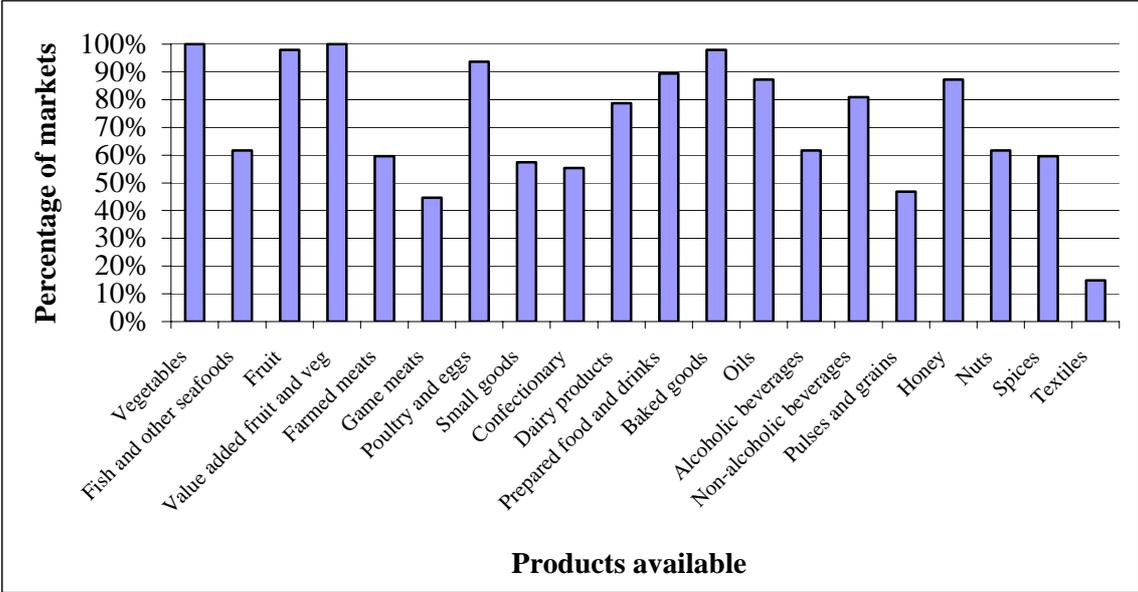
(Vic rural)

- water taps, umbrellas and table cloths (Vic regional)
- solid ground surface, riverside location, access to public transport, signage, tent hire and advertising (Vic regional)
- tables and chairs (Vic rural)
- cafes and information stall (SA suburban)
- farm activities, for example milking and shearing (Vic metropolitan)
- local schools providing BBQ breakfast (WA rural)
- tourist information (Qld rural).

**What do farmers’ markets sell?**

Nearly all the markets sold fresh vegetables, fruit, value-added fruit and jam, baked goods (for example, bread and cake), poultry and eggs (Figure 2.5). Over three-quarters of the markets sold propagated flowers and bedding plants, honey, oils, prepared food and drinks, non-alcoholic beverages (tea, coffee, juices) and dairy products. Over half the markets sold fish and other seafood, nuts, alcoholic beverages, farmed meats, spices, confectionary and small goods. Over 40% sold pulses, grains and game meats while around 13% sold arts and crafts.

**Figure 2.5 Range of products sold at Australian farmers’ markets**



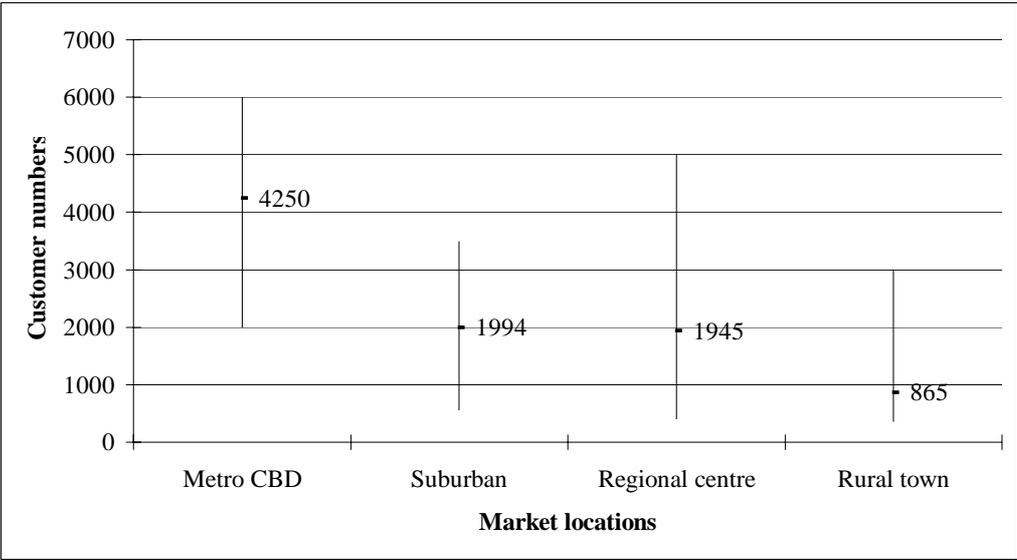
Some of the other products sold at farmers’ markets included native cut flowers, compost, worm farms, emu products (for example oil and eggs), fruit trees, pasta, pesto, rabbit and goat meat, peacock feathers, handmade soaps, tanned hides, herbs and herbal products, cosmetics, leather bush hats, vegetable seedlings, Christmas trees, yabbies and live animals (ducks, rabbits, chickens, geese, dogs and other pets).

**Who shops at farmers’ markets?**

According to the customer survey, the majority of people attending farmers’ markets are female and between the ages of 30 and 50 years. All markets had a higher percentage of local attendees than visitors, with the exception of Port Douglas (Qld) and Margaret River (WA) which both had a 50/50 split between tourists and locals. Rural areas closer to larger regional centres had a higher percentage of day-trippers.

The average number of customers attending markets is directly related to the overall population of the region in which they operate (Figure 2.6). Of those markets responding to the survey, the average attendance at a metropolitan market was 4250, compared to 865 in rural areas.

**Figure 2.6 Customer attendance at farmers' markets (including average) by settlement type**



Most of the customers attending the markets arrived by car, although a good percentage walked. Very few used public transport except in the CBD areas.

**How many vendors are at each market?**

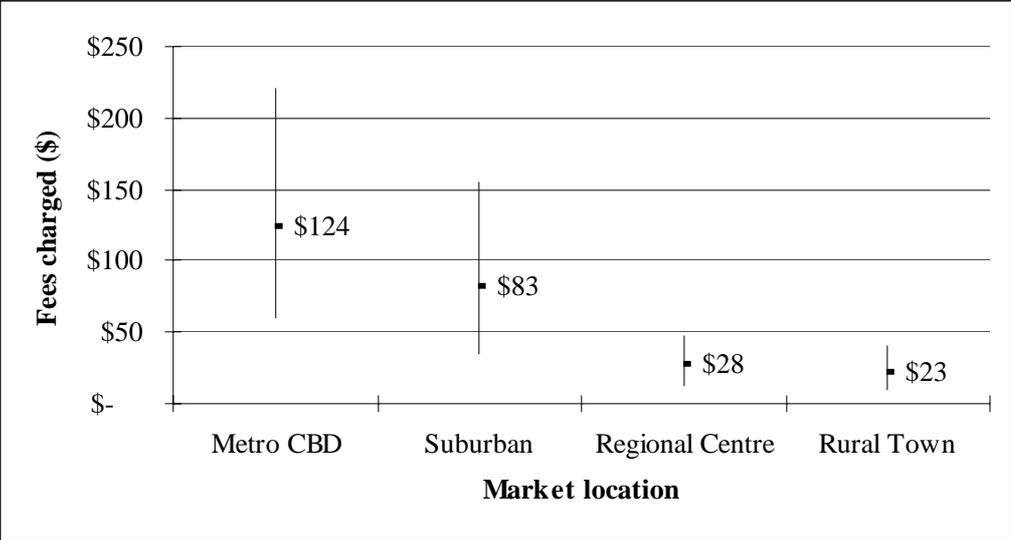
The number of vendors at each market reflects the size of the population of the area where the market is held:

- rural town markets: between 10 and 30 vendors
- CBD markets: between 50 and 65 vendors
- regional markets: between 10 and 25 vendors
- suburban markets: between 20 and 40 vendors.

Eighty-one per cent of the markets had room for more vendors.

Vendors pay a fee to have a market stall. While fees were higher at metropolitan markets, there was also a large variation between markets of a comparable size within the urban areas (Figure 2.7).

**Figure 2.7 Average vendor fees by market location**



There were 32 responses to the question about whether the market had increased, decreased or stayed the same. Of these, 18 (56%) reported an increase, 11 (34%) that the market size had stayed the same and only three (10%) that there had been a decrease. The reasons for a decrease included too many markets in a locality, and that the cost of public liability insurance was too high for vendors.

### **What was the vendor policy of markets?**

Sixty-five per cent had a producer-only policy. Some markets allowed an employee or representative of the producer to staff the stalls. The most commonly reported reason for permitting non-producer vendors was to add diversity to the market.

Thirty per cent of the markets that responded had a food-only policy. Many markets allowed plants, flowers and value-added produce such as soaps and leather goods. One rural market (Vic) also sold livestock such as calves and alpacas, while a regional market (Qld) described itself as a 'cotters market' and allowed the selling of locally produced arts and crafts.

Fifty-five per cent of markets excluded vendors from outside the local area although there was a range of definitions of 'local area'. Some of the responses included:

*'Area defined by the Fleurieu Peninsula, which has defined geological boundaries.'*  
(SA regional)

*'As a metro market we represent the entire state of Victoria.'* (Vic metropolitan)

*'NSW-only producers are preferred.'* (NSW metropolitan)

*'Local government area only unless an outsider fills a gap (total of 6 outsiders only).'*  
(NSW regional)

*'We have defined limits although Central Victoria is hard to define.'* (Vic rural)

The basis for including outside vendors to markets was to add diversity: 'uniqueness of product' and 'no matching local product available' were the two most common criteria cited for their admittance to a market. Some markets had a numerical limit on the number of outside vendors. The following quotes were typical of the responses received as to the limit placed on the numbers of vendors with the same product:

*'No rules as long as they grow their own. Responsibility of the manager is to avoid over-saturation.'* (Vic metropolitan)

*'We will only duplicate value-added vendors where demand is high after consultation. Growers can bring whatever they can grow.'* (Qld regional)

*'Three operators with the same product often is enough and is good for competition.'*  
(Vic regional)

*'No more than three vendors selling the same product.'* (NSW regional)

*'Committee agreed on limits depending on produce.'* (Vic rural)

*'Market manager considers the balance of the market.'* (SA regional)

Most of the markets required the organic growers to display organic certification. Those growers who did not have certification were often required to advertise as 'grown using organic methods' or 'minimal chemicals used'.

## Who manages the markets?

Volunteers managed 30% of the markets and self-employed operators managed 23%. A further 23% of markets had managers employed by an incorporated association, 11% employed by local government and 4% employed by farmers. Fifty-three per cent of market managers had been employed for a period of less than one year. It should also be noted that approximately one half of the markets in the survey had been operating for less than one year which suggested that there had been a low turnover of market managers in that period.



The background of market managers was varied although many reported managerial experience either in the coordination and facilitation of events or in an administrative capacity; some had also been involved in other community entrepreneurial ventures. However, other managers had no previous relevant experience before taking on the role. There were also some who were community-focused and wished to volunteer their time to promote something they believed would be of benefit to the community in which they live.

## What are the financial considerations?

### *Financial support*

Financial support came from a variety of sources, with vendor fees being the main source of funding. The support from local government was highly variable, with some farmers' markets receiving extensive support (Table 2.2).

**Table 2.2 Source of funds for market establishment and operation**

<i>Source of Funds</i>	<b>Purpose of funding</b>	<b>Number of market responses</b>	<b>High (per cent)</b>	<b>Low (per cent)</b>
<b>Local government</b>	Establishment	21	100	10
	On-going	0	100	18
<b>Sponsorship</b>	Establishment	7	20	5
	On-going	4	30	5
<b>Vendor Fees</b>	Establishment	30	100	10
	On-going	30	100	30
<b>Merchandise</b>	Establishment	7	30	2
	On-going	8	40	2
<b>Other sources</b>	Establishment	14	100	5
	On-going	7	50	15

## **Annual value of sales**

Forty-three per cent of the markets responded to the question regarding the annual value of all sales of the market. This was a challenging question for managers as they are reluctant to discuss sales with vendors. The responses were usually based on knowledge of vendor numbers at each market (or revenues for site fees) and a working knowledge of average takings for vendors.

Using reports from 17 markets estimating their annual sales, the estimated revenues from all farmers' markets is \$40 million. Using a common multiplier of 2.0 for activities of this nature (as in the REMPLAN modelling program of Latrobe University's Centre for Sustainable Regional Communities), the net annual benefit to communities across Australia is likely to be in the vicinity of around \$80 million.

## **Do farmers' markets create retail tensions?**

### ***Competition between farmers' markets***

Ninety-six per cent of the markets responded to this question, with 45% reporting slight competition between their markets and others to secure vendors. Thirty-eight per cent reported no competition while 13% stated that there was serious competition.

Thirty-eight per cent had lost vendors to other markets but only 11% of those departures had threatened the viability of the market.

About 40% of the markets stated that there were restrictions preventing them attracting more vendors to the markets, including:

*'Policy of locally grown produce.'* (Vic rural)

*'Limited by the site area.'* (Qld regional)

*'Council permit only 42 stalls.'* (Vic regional)

*'Organic certification.'* (Qld regional)

### ***Competition between markets and other retailers***



Seventy per cent of respondents reported that the market had no impact on local traders in the region, or was complementary to their activities. The remaining 30% of markets reported slight tension, with only three reporting considerable tensions.

Farmers' markets actually experienced most competition from other farmers' markets, for both customers and vendors. In Victoria this is most evident for regional markets that experience competition from other regional and city-based markets.

In NSW there is more evidence of competition between farmers' markets in the urban areas than occurs in Victoria, however the underlying issue of competition of markets in the regional centres remains.

## How do farmers' markets promote themselves?

A wide variety of promotional strategies are used by market managers. The most successful of these has been word of mouth and newspapers, followed by advertising on radio and effective signage (Table 2.3).

**Table 2.3 Promotional strategies used by market managers**

Method of promotion	Totals	Per cent	Best results	Other methods
Newspapers	45	96	14	Visitor Information Centre
Radio	41	87	8	Calenders x 2
TV	15	32	3	Newsletter
Brochures	30	64	0	Community noticeboard
Flyers	37	79	5	
Direct mail	14	30	1	
Signs	42	89	9	
Word of mouth	44	94	18	
Internet	23	49	0	
Email	15	32	0	
Feature promotions	15	32	4	
Other	4	9	0	

## Benefits of farmers' markets

The impact of farmers' markets has been categorised into three main areas: farmers, customers, and the wider community.

### Benefits for farmers

The main benefits reported for farmers were:

- the option to supplement and preserve their income through extra sales from the market
- participation in other markets
- new direct marketing and value-adding options.

Markets also reported an improvement in farmer confidence in marketing produce, and highlighted the benefits to them of advertising and showcasing local products. For example, 86% of markets reported that vendors had developed or expanded business sales beyond the market in the last two years (see Table 2.4 for more information).

### Benefits for wider community

Farmers' markets were seen by some as a way of increasing tourist numbers and adding to the economy of the local community.

Some markets reported social benefits to their community including increased pride in local and regional products and the provision of a social meeting place and a place for community activities. The market was also seen as a place for education of the community about foods and how they are produced, and as a site which stimulated consumer appreciation of the farmers (see Table 2.5 for more information).

## Benefits for customers

Customer benefits of using farmers' markets included access to fresh, healthy and often organically grown produce. They also appreciated the diversity of the produce available and the opportunity to meet with growers. Customers' comments included:

*'It allows the locals to taste fresh, organic produce as opposed to foods which have been stored.'* (Vic regional)

*'Offers the local community the opportunity to purchase fresh quality produce.'* (Qld suburban)

*'Venue to buy fresh fruit, vegetables and other gourmet delights direct from the grower/producer.'* (Vic metropolitan)

*'The only access to truly fresh produce and the enjoyment of meeting the farmer/producer.'* (WA rural)



**Table 2.4 Classification of benefits to farmers as reported by market managers**

Area of benefit	Specific benefit	Quotes from market managers	
Immediate impact	Increased sales	<i>“Increased market participation, increased orders for food, increased range of products.”</i> (NSW regional)	
	Increased business confidence	<i>“Stories of upgrade to farm facilities and equipment, ability to plant more with security of sales.”</i> (Vic metropolitan)	
New markets outside local region	Other farmers markets	<i>“All stall holders attend other markets.”</i> (Vic rural)	
	Non-local sales	Restaurant	<i>“Restaurant/wholesale supplies, picked up by DJs etc.”</i> (NSW metropolitan)
		Other	<i>“Value added products now sold throughout Australia.”</i> (NSW rural)
		Export	<i>“Wholesale to shop outlets, exporting overseas.”</i> (Vic regional)
New local market outlets	Other direct markets	Home deliveries	<i>“Organic firm has 200 home deliveries each week.”</i> (Vic rural)
		Farm gate sales	<i>“Some have opened stalls/shops on farm.”</i> (Vic regional)
		Own retail shops	<i>“Opened retail premises and stocks other stakeholders’ goods regularly.”</i> (Vic metropolitan)
	Restaurants/café	<i>“Direct selling to restaurants that then promote local flavour.”</i> (WA regional)	
	Local retail shops	<i>“Dairy supplier now selling to some shops, cake seller now selling to cafes.”</i> (Qld rural)	
	New processor sales	<i>“Avocado oil: working to produce avocado mustard with our market chef, pasta producer buying fresh herbs from herb producers.”</i> (WA regional)	
New products	Value adding	Organic	<i>“Organic firm has 200 home deliveries each week.”</i> (Vic rural)
		Processing	<i>“Local mushroom grower has developed value added product—sauces and dips etc—and now sells in Brisbane.”</i> (Qld rural)
	New crops	<i>“Expanding fresh product range to maintain a year round supply.”</i> (WA regional)	
Market intelligence	Market exposure	<i>“Stakeholders have given examples of how their being at the market has given them exposure to many other selling avenues.”</i> (NSW metropolitan)	
Advertising	Food and wine groups/tours	<i>“Opportunity to join in food and wine trail currently being developed.”</i> (Vic rural)	

**Table 2.5 Classification of benefits to communities as reported by market managers**

<b>Area of benefit</b>	<b>Specific benefit</b>	<b>Quotes from market managers</b>
Community spirit	Focus for the community	<i>“Market contributes to the vibrancy and uniqueness of our community.”</i> (Qld rural) <i>“It has created a very positive focus for the community and to the valley itself.”</i> (Vic rural)
	Social meeting place	<i>“Great day out for family and dogs.”</i> (Vic rural) <i>“The community has a meeting place every week—it has put the heart back into this area.”</i> (SA suburban) <i>“Weekly meeting place—sense of community.”</i> (NSW suburban)
	Place for community activities	<i>“It provides a focus for community identity—it has become a meeting place.”</i> (WA regional) <i>“It helps bring the community together in a place where they can interact and catch up”</i> (Vic rural)
	Stimulates a sense of pride in the region	<i>“It has become a ‘place to go for breakfast’ and a source of pride for locals to ‘show off’ to visitors the quality of the local product.”</i> (Qld rural)
Education	Product knowledge: uses and storage	<i>“People are excited to be able to purchase fresh, chemical-free produce on a fortnightly basis direct from the producer who passes on info on how it was grown and how best to prepare meals.”</i> (Qld regional)
	Seasonality of produce	<i>“Educated the consumers as to the seasons of produce, introduced them to local growers.”</i> (Vic rural)
	Production awareness: adults and children	<i>“The market gives a chance for city people to come into close contact with growers. Thereby increasing their awareness of the issues faced by producers. It gives an opportunity for the community to come together and experience wonderful products.”</i> (NSW metropolitan)
	Appreciation of local produce and producers	<i>“A combination of access to fresh food, farmers and producers, positive community event in their neighbourhood plus support for the future of the farm.”</i> (Vic metropolitan)
Infrastructure	Halls/schools/local clubs and so on	<i>“Community involvement is encouraged eg school groups, charities, football clubs, Neighbourhood Watch etc are given a free site and encouraged to participate.”</i> (Vic suburban) <i>“Creating funds for more community projects. Extra income for St Joseph’s School.”</i> (Vic suburban)
Aesthetics	Attractive atmosphere	<i>“Giving people the opportunity to shop in an open-air atmosphere with a village feel.”</i> (NSW suburban) <i>“Brings a vibrant, colourful and old-fashioned village type food market to the area.”</i> (Qld suburban)

## Challenges facing farmers' markets

The major challenges for farmers' markets, reported by the survey, include:

- maintaining grower commitment to the market
- overcoming a lack of product diversity
- achieving year round supply of produce
- securing adequate market infrastructure
- addressing funding and cost issues
- dealing with restrictions due to regulations
- increasing the amount of advertising for the market.

Some markets reported a lack of commitment by certain vendors: in some cases vendors have gone on to other farmers' markets or have become discouraged by unrealistic expectations of market returns. Comments about this issue included:

*'Vendor burnout.'* (Vic rural)

*'Competition of suburban farmers' markets.'* (Vic suburban)

*'Vendors expecting unrealistic results without understanding the need to build together.'* (Tas rural)

There were 43 responses (84%) to the question about whether further assistance was required for the market. The biggest issue cited by respondents (21%) was the need for a co-ordinated approach to public liability insurance.

The survey also asked market managers to identify whether they felt the market faced any kind of restrictions. Nearly 40% indicated that they did face restrictions on their operation, including:

- 25% due to regulations (most commonly the sale of meat in markets in Victoria; since the survey in March 2004 this issue has been resolved with the assistance of DPI Victoria and the Victorian branch of the Australian Farmers' Markets Association)
- 40% as a consequence of issues that were 'self-imposed' (for example, accepting venues that they had since outgrown)
- 35% because of market infrastructure (for example, the need for an undercover venue).

# 3. Up close and personal: comparing experiences at three farmers' markets

## Introduction

The findings of the national survey were complemented by more detailed surveys of customers, suppliers and managers at three farmers' markets: Collingwood in central Melbourne, Hume–Murray in the Albury–Wodonga region and Hastings in New South Wales.



Customers were interviewed by a written questionnaire. The sample was 10% of the estimated average daily attendance of customers at each of the three markets. This comprised 500 household surveys for Collingwood (metropolitan) and 200 for each of Hume–Murray (regional) and Hastings (rural) markets, totalling 900 households.

A semi-structured personal interview process was used to interview a third of suppliers. Each of the three markets had around 60 suppliers.

This chapter provides a description of each market on market day and then sets out the findings of a comparison between the results of each market survey.

## Three farmers' markets: a description

### Collingwood farmers' market

*The market at Collingwood appears to owe its success in part to its location on the Collingwood Children's Farm—a public land area administered by a Trust on a picturesque bend of the Yarra River, four kilometres from the central business district. Visitors to the market get the added bonus of free access to the farm and its menagerie of animals, and they can view the community gardens.*

*Customers are local, just like in rural areas, but there are many more of them and on average they have much higher incomes. It is obvious they care about the children's farm and the potential loss of the farm's car park to private developers has caused outrage, with the children's farm and the farmers' market being the rallying point.*

*Shopping at the market is clearly a social event. It also offers a 'slow-food' ambience, with provision for customers to dally awhile on bales of straw in a lovely rural setting, with wood heaters and good coffee. In this setting, tasting and buying food is a pleasure and an end in itself. The atmosphere is the antithesis of supermarkets where the focus is on making purchases and leaving in the minimum of time.*

### **Hume–Murray farmers’ market**

*If first impressions are a guide the orderliness of this market is the first thing that strikes the visitor. In the early days of the market, the organisers arranged a bulk deal for good quality display tents, and with common signage, the market looks and feels professional. The cohesion among the stallholders is impressive.*

*Its location on the Hume causeway at Gateway Island between Albury and Wodonga would appear to be ideal, along with the large, convenient area for parking.*

*The market has loyal supporters but lacks the ‘slow food’ ambience of Collingwood; there is minimal opportunity for lingering. The feel is more like that of a supermarket where shoppers are there to buy fresh food and support the local farmers.*

### **Hastings farmers’ market**

*This market was established by the local government as a strategy to assist farmers suffering financial loss following deregulation of the national dairy industry. The diverse soils, topography and elevation, along with a mild climate, mean that a wide range of horticultural crops can be grown. Estuaries associated with the Hastings River and underground water reserves provide opportunity for aquaculture.*

*The market has a real community atmosphere, similar in many ways to the urban market, with families and friends using the market as a meeting place, and as a place to taste, test and learn about new products.*

*The large sheds at the showground provide the market with a diversity of venues that enable stallholders and customers to pick and choose the most appropriate environment.*

## **Farmers’ experiences of case study markets**

Eighty per cent of the Collingwood farmers’ market stallholders, 76% of Hume–Murray and 65% of Hastings stallholders were able to list six or more benefits of participating in the market.

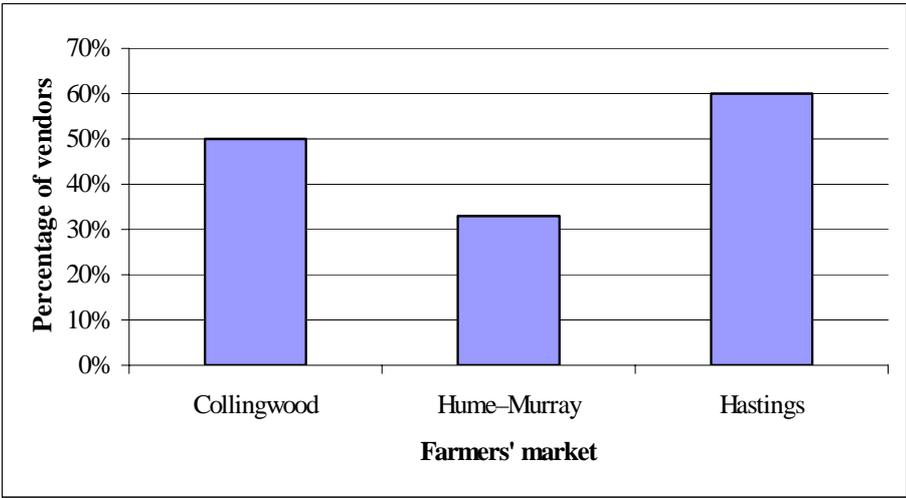
### **Benefits**

#### ***Increase in sales***

Both Collingwood and Hume–Murray farmers’ market stallholders reported an immediate increase in their sales (86% each) due to participating in a market. Stallholders from Hastings reported a higher percentage of increased sales (94%). This may be due to the relatively young businesses in the Hastings market because of the deregulation of the dairy industry.

Some stallholders supply a number of farmers’ markets, and for these producers the markets are a valuable source of income. Farmers’ markets contributed to 20% or more of annual sales for 50% of Collingwood stallholders, 33% of Hume–Murray stallholders and 60% of Hastings stallholders (Figure 3.1).

**Figure 3.1 Twenty per cent or more of vendors' annual sales coming from farmers' markets**



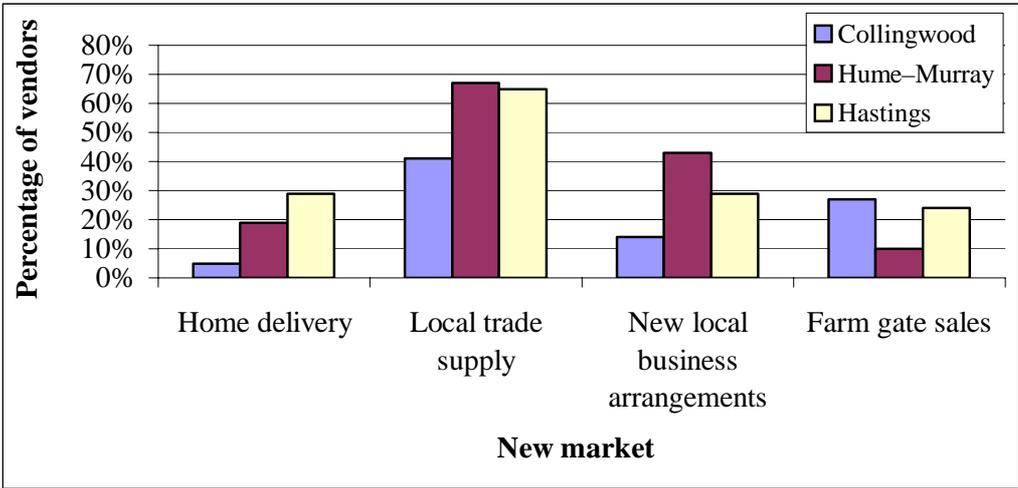
After the completion of the Collingwood interviews, an additional question was introduced to canvas stallholders about their sales at the farmers' market compared with other marketing options. Seventy-four per cent of the producers of the Hume-Murray farmers' market said that their sales at the farmers' market were in one way or another better compared to their other marketing options. Interestingly, 43% of Hastings stallholders said that their other marketing options were better than the farmers' market, however they continued to sell at the market for other reasons such as promotional rewards.

Twenty-nine per cent of Hume-Murray and 27% of Collingwood stallholders found their market to be beneficial for promoting their business and products; only 17% of Hastings stallholders mentioned this. However, the majority of stallholders across all three markets—Collingwood 77%, Hume-Murray 57% and Hastings 67%—reported that their would be some sort of impact on their businesses if farmers' markets did not exist. Many noted that if farmers' markets ceased to exist they would attempt to find other markets to sell their product at or increase their retail or wholesale supply.

**Development of new intra-regional markets**

Two-thirds of Hume-Murray and Hastings stallholders, and 41% of Collingwood stallholders, had developed new local trade because of their participation in the farmers' markets (Figure 3.2). This suggests that participation in the markets was having a positive influence on the stallholders' likelihood of getting their products and brand into the community.

**Figure 3.2 Percentage of vendors who developed new intra-regional markets due to their participation in their farmers' market**



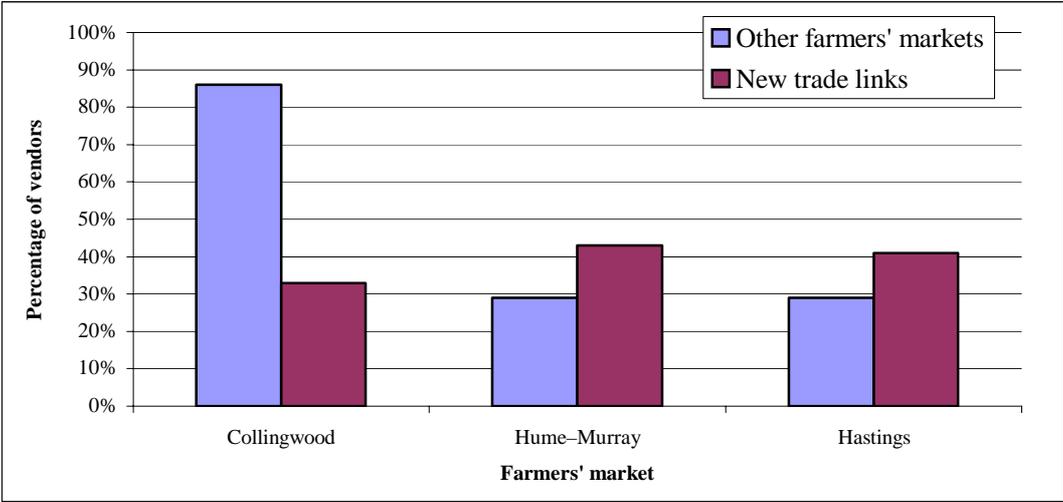
The stallholders with the most developed new local business arrangements were from Hume–Murray (43%), followed by Hastings (29%) and Collingwood (14%). The high percentage at Hume–Murray may be due to the marketing efforts of the market manager; many vendors reported the manager’s assistance with promoting their products to the food industry.

Some stallholders (27% in Collingwood, 10% in Hume–Murray and 24% in Hastings) had developed their farm gate sales due to participation in the market (see Figure 3.2). Some said that they were unable to do so because of the type of produce they had, and others were not interested because of the extra time and effort involved.

**Development of new inter-regional markets**

Eighty-six percent of Collingwood stallholders had accessed other farmers’ markets due to their participation in the market; in contrast, only 29% of Hume–Murray and Hastings stallholders had done so (Figure 3.3). This reflects the high profile of the Collingwood farmers’ market with many of the managers of other Victorian farmers’ markets. The Collingwood manager is also responsible for another farmers’ market which some of these stallholders went on to participate in. Stallholders in Hastings and Hume–Murray did not have access to as many farmers’ markets as those who participated in the Collingwood metropolitan market. They were also not as inclined to commit themselves to travel and the greater time involvement that more market participation would require.

**Figure 3.3 Percentage of vendors who developed inter-regional markets due to their participation in their farmers’ market**



Despite their more restricted participation in farmers’ markets, 43% of Hume–Murray and 41% of Hastings stallholders have still been able to develop new non-local trade links as a result of their farmers’ market appearances.

**Development of new products**

Eighty-two per cent of stallholders at Hastings farmers’ market had developed new products, compared with 64% at Collingwood and 33% at Hume–Murray.

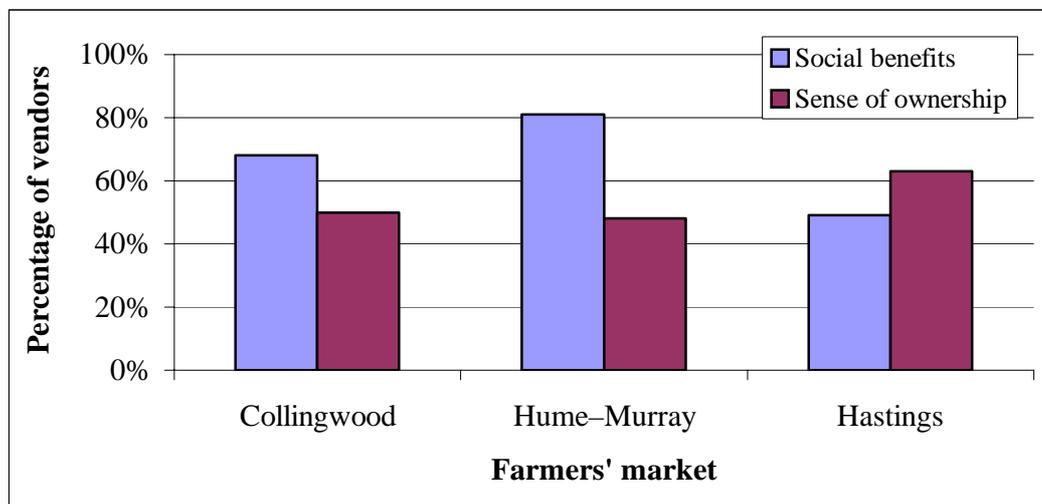
### **Improved market intelligence**

Around 80% of all stallholders reported that they had gained improved market intelligence due to their participation in the farmers' markets. They had increased understanding of their customers and their businesses. This may be a good indicator that farmers' markets are having a positive influence on business development as vendors look for ways to improve their enterprises.

### **Social networks and ownership**

A high number of Hume–Murray (81%) and Collingwood (68%) stallholders reported that a benefit of participating in the farmers' market was access to social networks (Figure 3.4). Only 46% of stallholders at Hastings cited this as a benefit. Interestingly, Hastings' producers were more likely to have a sense of ownership of their market (63%) compared to Collingwood (50%) and Hume–Murray (48%).

**Figure 3.4 Percentage of vendors who developed social networks and ownership of their market due to their market participation**



### **Wider environmental and community benefits**

#### **Average distance travelled to get to market**

The average distance farmers had to travel to the market also approximates the 'food miles' for the produce at the market. The average distance was as follows:

- Hastings (rural market): 22 km
- Hume–Murray (regional market): 44 km
- Collingwood (metropolitan market): 114 km.

This contrasts favourably with the average 'food miles' for food at supermarkets in Victoria which is estimated to be around 500 km (including imports).

#### **Contribution by farmers' market to the local community**

Stallholders at Hastings and Hume–Murray were asked what they thought farmers' markets contributed to their local community. (This question was devised after the interviews at Collingwood had been completed). For both Hastings (40%) and Hume–Murray (33%) stallholders, reported that the biggest benefit of the markets for local communities is that they generate a sense of community and region.

Hastings farmers’ market was also seen as playing an important role in attracting non-locals to the area and improving the local economy. It would be expected that the stallholders here would have a keen interest in this benefit given that it was one of the main aims of setting up their market.

Around a quarter of stallholders at both markets indicated that educating people is another benefit of the farmers’ markets for their local communities.

Stallholders (22% in Hastings, 16% in Hume–Murray) also cited the social benefits for the local communities of holding a farmers’ market.

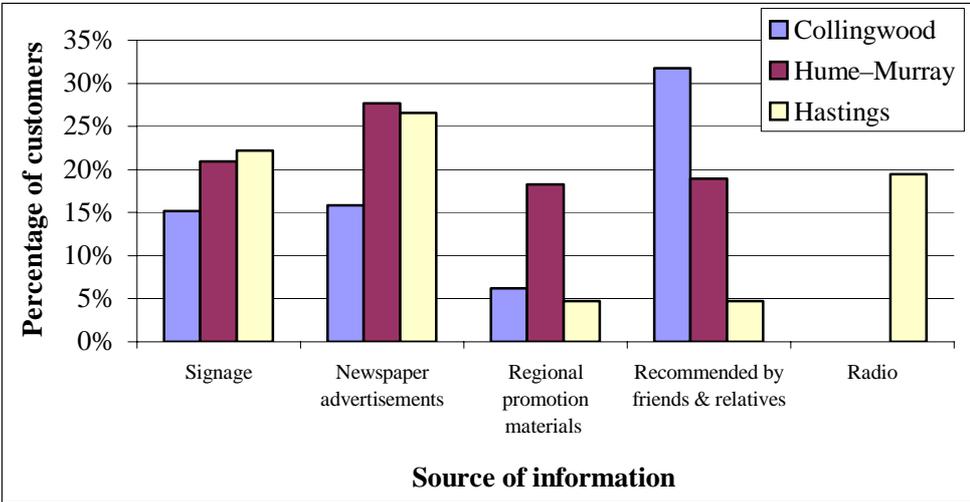
Another benefit listed by stallholders (21% in Hume–Murray and 15% in Hastings) was access to fresh local produce. It is interesting that this benefit was not listed more frequently because customer surveys indicated that access to fresh produce was the main motivation for them to attend farmers’ markets.

**How do potential stallholders find out about farmers’ markets?**

There was a great variety of responses to this question across all three markets, confirming the importance of incorporating a range of promotional mediums to make markets successful (Figure 3.5).

Each market had its own strategy to reach customers. Collingwood used word of mouth, through recommendations from family and friends, to contact 32% of their customers. Hastings and Hume–Murray used various regional promotional mediums to reach almost 50% of their clientele. Highway and street signage, and newspaper advertisements, proved to be a popular way of informing people about the market. Hastings farmers’ market also successfully used local radio as a promotional tool: the market advertises with a local radio station and, just prior to the market commencing, a reporter conducts interviews with two or three stallholders to help promote the market.

**Figure 3.5 Vendors’ initial source of information about their farmers’ market**



## **Implications of participation in farmers' markets**

### ***Investment***

For both Hastings and Hume–Murray the majority of stallholders invested less than \$3000 in their business to participate in the farmers' market, while at Collingwood the majority of stallholders spent \$6000.

Site fees were not cited as an issue by Collingwood or Hastings vendors. However, 52% of stallholders at Hume–Murray did raise the cost of fees as a problem. Hume–Murray had undergone two increases in site fees during 2004, the most recent being just prior to the survey.

Public liability insurance was generally not cited as a cost impediment. Many stallholders noted that they have to pay this insurance for their farms, which also covers their participation in the market.

Collingwood and Hume–Murray stallholders spent less than 20 hours on average preparing for each market; the majority of Hastings vendors needed 25 hours.

### ***Regulatory issues***

The majority of stallholders—Hastings (96%), Hume–Murray (76%) and Collingwood (73%)—were content with the rules about what was allowed to be sold at the market. Those with concerns were worried about authenticity and market image.

Local government health regulations were not seen as problematic by any stallholders at the Hastings market, despite some having been approached by local government health regulators. In contrast, 50% of Collingwood stallholders and 33% of Hume–Murray stallholders raised these regulations as an issue. For Hume–Murray stallholders, this was often due to the different regulations in Victoria and New South Wales. Collingwood vendors also reported that there were different regulations for different councils. Most stallholders had a preference for one set of health regulations and a consistent fee structure across all markets.

### ***Change in attitude towards farming***

The influence of farmers' markets on stallholder attitudes towards farming was significant across all three markets: 64% of Collingwood vendors, 52% at Hume–Murray and 44% at Hastings all noted this link.

More of the Hume–Murray stallholders (79%) preferred farmers' markets to other types of markets compared with Hastings (60%). Many vendors at the Hastings market wanted to be able to participate in more farmers' markets but were confined to local mixed markets.

### ***Changes to farming operations and presentation***

Stallholders reported a number of changes to farming operations and actual stall presentation as a consequence of participating in the farmers' market. These included changes to:

- the overall production system
- product packaging
- transportation arrangements
- the quality of the products sold: many of the stallholders have learnt the value of supplying consumers with quality products for repeat sales
- the clothing worn on market day (including the adoption of a market apron at Hastings)
- stall layout
- the way stallholders deal with the public
- the availability of product and farm information for customers.

## Customers' experiences of case study markets



### Why do customers use farmers' markets?

The primary reason for consumers to attend all the farmers' markets was to purchase fresh food. Customers of the regional and rural markets also wanted to support their local growers (Figure 3.6).

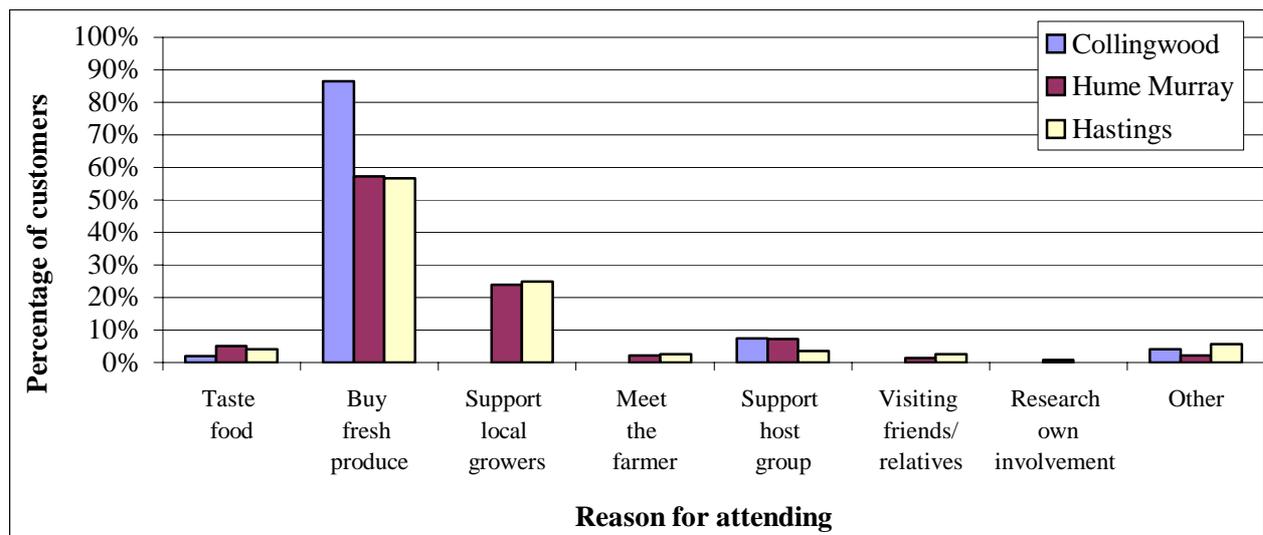
The majority of customers of all three markets had a high level of satisfaction with the market on the day of the survey. When combining the satisfaction levels of those above average (that is, levels 4 and 5), the results were

92% for Collingwood, 82% for Hume–Murray and 74% for Hastings.

According to the response of customers on the day of the survey, the Collingwood market appears to be a healthy growing market with a high number of customers (95%) planning on visiting the market again.

For the Hastings and Hume–Murray markets, customer growth appears to be an issue: even though there was a high number of customers who said that they would visit these markets again, the proportion of people 'not sure' was higher than the total percentage of new visitors, meaning that patronage may wane. The response to this question is also directly linked with customer satisfaction levels. If customers are not satisfied with the market they will be less likely to return.

**Figure 3.6 Customers' primary reason for attending their farmers' market**



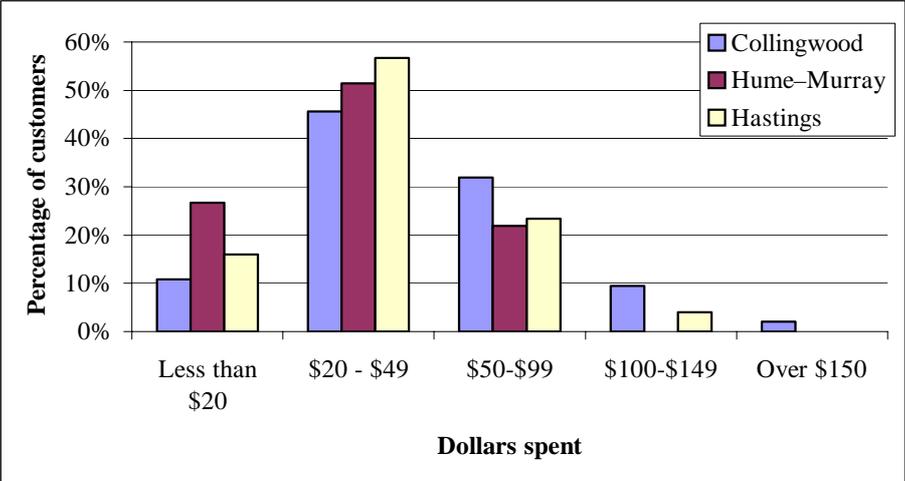
More than 70% of customers at all three markets came with other people. This is a good indication that the farmers' markets provide a popular community activity. Almost 30% of shoppers came on their own to the Hume–Murray market which may reflect the minimal opportunities available there for

social interaction. These figures contrast sharply with the shopping profile portrayed for supermarkets which suggests that the majority of people shop at supermarkets on their own (The Australian Centre for Retail Studies 2005).

**How much do customers spend?**

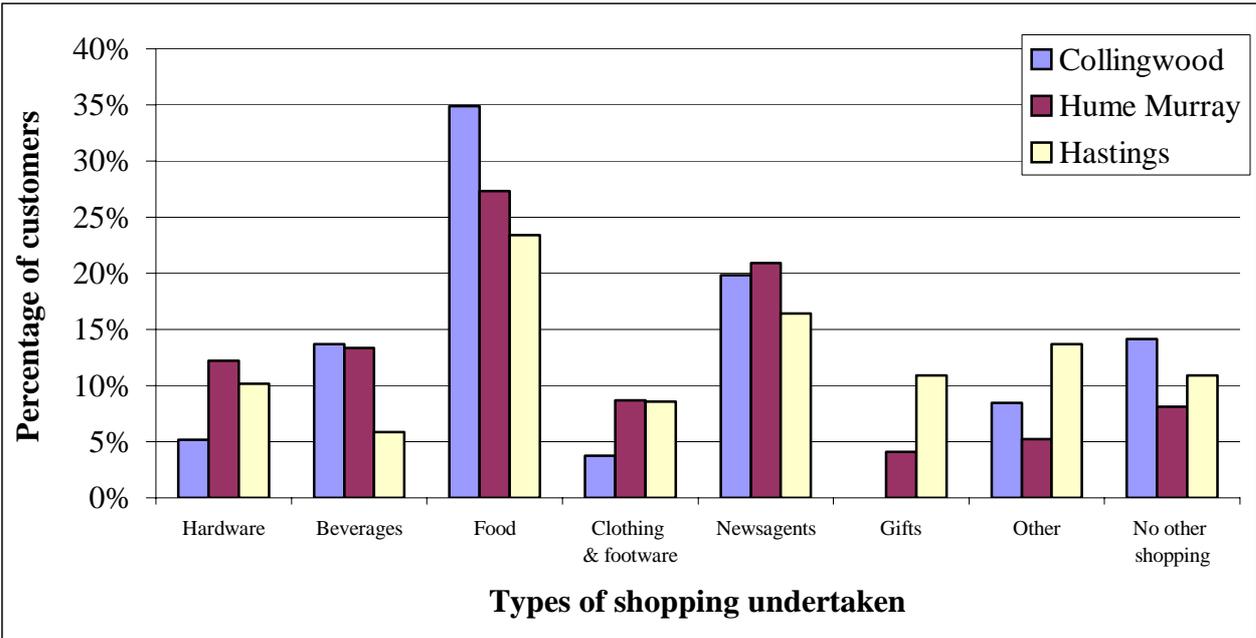
The majority of customers at all three markets spent less than \$50 (Figure 3.7). Twelve per cent of Collingwood customers spent over \$100; this corresponds with the higher percentage of customers with household incomes exceeding \$80 000 compared to the rural and regional market customers. No customer spent more than \$100 at Hume–Murray, while only 4% of Hastings customers spent \$100 or more.

**Figure 3.7 Dollars customers spent on the day of the survey**



The results from all three markets indicate that customers are visiting a variety of other shops on market day (Figure 3.8); on average 23% do other food shopping as well as visiting the farmers’ market.

**Figure 3.8 Other types of shopping customers conducted on the day of the survey**



Securing customer spending outside of the markets is a potential valuable benefit of selling at a farmers' market. Sixty-four per cent of customers from Hastings and 51% from Hume–Murray reported that they would actively seek farmers' market produce at other outlets. Stallholders at both these markets made a point of advertising where their produce was available between markets. The indication from customers that they wanted to support local farmers also contributes to the likelihood of them seeking stallholder products at other outlets.

### **Profile of customers who completed the survey**

A very high percentage of females filled in the survey at all three markets. The age of survey respondents from Collingwood tended to be between 20 and 59 years old (83%). A much higher number of 40 to 59 year olds (33%) attended the Hume–Murray market on the survey day, while Hastings was mainly visited by people older than 40 (85%). These results appear to correlate with reported household incomes. It is not clear how the age distribution is correlated to the general population in each area.

Collingwood customers were likely to earn more than \$40 000 (83%). The income of Hume–Murray customers was quite evenly spread across the suggested income brackets (less than \$40 000, \$40 000 to \$79 900, \$80 000 plus). The majority (46%) of household incomes of the customers of the Hastings farmers' market was within the lower bracket (less than \$40 000). These customers also tended to spend less on market day compared to the metropolitan market. This may be due to the fact that there was a high proportion of pensioners and self-funded retirees who participated in the Hastings survey.

## 4. Pulling it all together: what was learned?

### Overall findings

This study supported the many claims made for farmers' markets by Bullock (2000) and other international researchers who advocate that farmers' markets make economic sense, are a positive social force in a community and promote sound environmental practices. The research found that farmers' markets:

- are complementary to existing businesses and provide a small fraction of total food sales
- effectively showcase local produce and may act to educate customers in local food systems (including seasonality)
- provide an opportunity for radical change for some producers in their production and marketing strategy
- provide a forum for communities interested in fresh food and ideas for new products
- provide an opportunity for business and personal growth for participating producers in a 'business incubator' role
- may act as a low-cost test market for new farm products
- provide a high-return market for a small portion of farmers' produce
- require a high level of passion, imagination, perseverance and skill by the market manager to be successful.

A farmers' market is largely a win-win for all concerned; even retailers benefit from the funds being retained in the district and recycled through farmer purchases.

The findings of this research are discussed in more detail below.

### Farmers' markets in Australia: the situation on-the-ground

#### An emerging sector

The number of farmers' markets in Australia is growing, but not every market will succeed. There are a number of prerequisite criteria that appear to lead to their success, not least the charismatic leadership of the market. Being a successful market manager requires long hours, difficult decisions and a flair for encouraging all who come in contact with the market.

The national survey of market managers showed that the term 'farmers' market' was used and abused: it is used to name fruit shops, a group of shops in a shopping mall and mixed markets where everything is sold, as well as being the label for the more 'pure' markets which only deal in produce grown and/or sold by local farmers. Farmers' markets may fulfil the role of showcasing local produce but this depends largely on the skill of the market manager and support from the organising committee.

Most markets have room for more producers. Market managers try and fill gaps from other seasonal producers and suppliers to introduce new product lines to the market, especially fresh fruit and vegetables.

Support for farmers' markets is mixed, with some local governments providing tangible assistance to the extent of funding the position of market manager. Other councils appear to be opposed to the markets, fearing a backlash from existing business in the area. In some areas (for example Hastings, NSW) initial animosity to the farmers' market has been replaced by support from local business people who have come to recognise the synergies between supporting local industry and the market.

## An economic boost for farmers



Farmers are major beneficiaries of the farmers' markets, with many stories of small farms where the farmers' market has had a profound effect on their business. In each of the three markets surveyed in detail, the farmers interviewed could list at least six benefits of their involvement. Even those farmers interviewed who were no longer supplying the farmers' market acknowledged the role of the market in the development of their business, especially as a business 'incubator' from which they established wider market contacts, tested new products and learned

about customers. The business incubation role has been demonstrated to work in some instances, but needs a facilitator (such as a local economic development officer) to fully realise this role.

For many farmers the markets make up over 20% of their total sales. For these producers the market represents a high level of commitment, yet it is rare for farmers' markets to make up more than this level of sales. Consequently, all producers need alternative marketing strategies for sale of the remainder of their produce—whether this be other forms of direct marketing (for example direct delivery to restaurants) or sale to the wholesale trade. This group of producers is also most likely to be greatly affected by any closure of a farmers' market as they would lose a valuable slice of their overall market, their primary source of market intelligence and links to other market outlets.

The greatest change in paid employment was on those farms which had moved on from supplying the farmers' market; small farms participating in a farmers' market increased their family's labour input by about 25 hours per market. For most producers the increase in employment could be absorbed by the farm family, however the businesses that had grown beyond the capacity of the farmers' market to take on additional produce had nearly all employed additional staff.

Some farmers continue to use the farmers' market as a point of promotion for their produce: for these farms the market makes up less than 1% of their total sales. Market managers will need to consider, over time, whether to retain these farms in their list of suppliers or whether to give their place to a fledgling producer for whom the farmers' market plays a more significant role. This will most likely be determined by availability of new producers.

The step to sell direct to the public is a large one, mainly in farmers feeling confident that they can do it. However, the personal and monetary rewards may be substantial.

## Changes to practices

Over 70% of the total farmers surveyed had made changes to their overall farm production system as a result of their participation in the farmers' market. This demonstrates the influence of the markets as an agent of practice change in land management. The changes included:

- growing different cultivars and crops
- using different husbandry practices
- introducing different methods of harvesting, grading, storage and packing
- utilising different timing of operations.

While farmers were reticent to talk about improving their leadership skills, those connected with the market could see changes in the vendors and their willingness to take on new roles once they had gained experience through the market.

### **A positive experience for customers**

The customers of the farmers' markets demonstrated great loyalty to 'their' market; repeat attendance was a feature of those who took part in the research. While the main purpose of customers was to purchase fresh food, most also recognised that the farmers' market can only supply a portion of their food needs, not least because of the frequency of the markets. Many customers also do other food shopping on market day, often for food items that could not be obtained at the market.

The farmers' market is essentially a social event, with over 70% shopping with family or friends. The markets have also been a rallying point for social issues: for example, at the time of this study the Collingwood farmers' market was the focal point for a community campaign over the fate of a nearby car park. Likewise, in Hastings, many town folk were keen to acknowledge their support for the farmers as they struggled to diversify their farming out of dairying following deregulation of that industry.

### **Fewer food miles**

'Food miles' is a term used to indicate the distance that food has travelled, and is also an indicator of the energy involved in the production process and of overall 'freshness'. In the study of the three markets, the average distance for produce to travel to the rural market was 22 km, 44 km for the regional market and 114 km for the urban market. Food supplied through major markets and supermarkets could be expected to travel much longer distances on average as produce is sourced from a much wider radius, including imports. It is often processed at another location, then distributed through a central warehousing system; it may travel long distances only to arrive back to be sold where it first originated.

### **Concerns about future development of farmers' markets**

Producers voiced many concerns about the particular markets they supplied, however three issues stand out as being significant if farmers' markets are to further develop in this country:

- The integrity of produce must be guaranteed and the farmers' market movement needs to instigate a self-regulated quality assurance program to ensure that produce is from the source stated on the display.
- Markets need high quality leaders who can effectively promote their market, train and encourage their suppliers, and maintain a community spirit. The careful selection of managers needs to be supported by training so they can keep up-to-date with innovations in other markets.
- The 'business incubation' role of farmers' markets has been clearly demonstrated; in the leading markets this is reinforced by grower training sessions and a recognition of improvement. As a result these regions have greatly diversified and strengthened their farming and associated agribusiness.

There are many well-managed farmers' markets. However, it is clear that some markets are not so well-managed or supported by their local community. High priority should be given to studying the best available practice in managing farmers' markets, as well as undertaking research into some of the older markets to learn from their experiences. This research will then be able to inform the continuing expansion and development of farmers' markets in Australia.

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