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# THE SATISFACTION OF PRODUCERS SELLING IN VARIOUS MARKETPLACES – RESULTS OF A PRIMARY SURVEY FROM HUNGARY

Key words: direct trade, markets, producer markets, territorial comparison, primary survey

ABSTRACT. Scientific interest in short supply chains (SSC) and local food has increased in the past decade. Due to the concentration of trade, sale opportunities for small sized agricultural producers has decreased. Short supply chains can offer alternate opportunities for them in trading. Therefore, it is necessary to examine their profitability and role in rural development. In the article, producer satisfaction with marketplaces, by means of primary survey is investigated. The sample area consisted of marketplaces with different sizes and types, and were located in a 40-kilometer-radius area of the capital city, Budapest, and Gyöngyös (located in the Mátra region). Paper-questionnaires with 214 market-producers between August and December of 2018 were carried out, in 22 different places. The survey is based on conventional markets (and market-halls), producer markets, and an eco-market. Results showed that differences between producer markets and conventional ones were more determining than simple territorial differences. Differences between conventional markets of the two areas were not statistically significant. In light of the results, it is worth launching future studies or campaigns that deal with rural consumer susceptibility on producer markets. In this survey, rural producer markets – that could increase producer satisfaction – were not typical.

## INTRODUCTION

Short supply chains (SSCs) are a traditional and, at the same time, new, neo-traditional form of food-trade. They can be an alternative for small-sized producer trade. Based on the European Union's support policy [Regulation (EU) No. 1305/2013], a food chain may be described as "short", when trade between producers and consumers takes place directly or by one intermediary party.

Agriculture is classically considered a main (potential) pillar of rural development and rural employment. Partly, for this reason, more authors [e.g., Renting et al. 2003, Van der Ploeg et al. 2000] connect short chains and rural development. According to other opinions, the role of the SSCs in rural development can be questionable. The certain (positive) effects of SSC are dependent on a given situation [Benedek, Balázs 2014a], and according to the author's opinion, there is generally low consumer demand of SSC –channels of high

consumer prices (e.g., traditional markets) in rural areas. This low demand raises the question of whether SSCs can provide viable income in rural areas for participating producers.

Short supply chains and direct producer trade on the basis of market trade were investigated. The main goal of the research is to examine, how rural markets can offer efficient trade opportunities compared to markets away from urban areas. There is still a gap research in the literature. In accordance with Bálint Benedek and Zsófia Balázs [2014b], surveys examining short supply chains in an empiric and generalizing way are rare. According to B. Benedek [2014a], SSC-studies are basically made in given countries, as case studies. In this way, it is hard to make geographic conclusions about them. Furthermore, there are very few official territorial statistics that collect the necessary information about small producers. It is hard to conduct comparitive field-research about small- and micro-sized farms [Kneafsey et al. 2013]. This is due to the fact that it is very hard to obtain data about their size, nature, aims, income, or, for example, the employment effects of short commercial chains. Necessary examinations are expensive and time-consuming. For this reason, this article is based on subjective producer opinions instead of objective data.

## RESEARCH MATERIAL AND METHODS

Based on a producer opinion survey, steps were made to quantify the differences in direct producer trade between two Hungarian, bordering sample areas. Subjective, quantitative research was undertaken at marketplaces, with producers. It is worth mentioning that an anonymous expert of this topic commented on the subject stating that conventional markets are not SSC-channels, because of the traders operating in them. In the author's opinion, they can be partly considered as SSC, for they are a quite well-known form of direct producer trade in Hungary.

The sample area consisted of marketplaces with different sizes and types, and were located in a 40-kilometer-radius[1] area of the capital city, Budapest, and Gyöngyös (located in the Mátra region). The survey is based on conventional markets (and market-halls), producer markets, and an eco-market. On conventional markets and in market-halls, both producers and traders are allowed to sell. In greater marketplaces, appointed areas were reserved for producers. Producer markets were only for producer trade. There, consumer prices were generally higher than in conventional markets, or most retail channels. In the eco-market, only products from certified eco-farms could be sold. Paper-questionnaires with 214 market-producers between August and December of 2018 were carried out, in 12 different settlements, 22 different places, and covered 24 days of field-research (Table 1).

Table 1. Distribution of the sample by area

| Survey area | Location number | Numbers of respondents |
|---|---|---|
| Budapest | 15 | 149 |
| Gyöngyös | 7 | 65 |
| Total | 22 | 214 |

Source: own survey

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[1]    This 40 kilometer-radius is based on a Hungarian decree regulating the spatial distances of small producer trade.

The questionaire dealt with more subject matters. This paper presents the differences in producer satisfaction with given markets, where the research was carried out.

Data were processed by Microsoft Excel and the IBM SPSS statistical programme.

## RESEARCH RESULTS

104 women and 110 men participated in the survey. Most of them belonged to the following age-groups: 36-50 (36%) and 51-65 (34%). Most had a secondary (58%), and higher (30%) education level (8% technical school). The rate of agricultural qualifications was 22.4%. (Not surprisingly), most of the respondents (86%) were in the marketplace as small-sized producers or family farmers. This predicts their relatively small economic size. 65% part of them had been farming for more than ten years, and 60% considered farming and selling as their full-time job.

Farm sizes or production-values were not comparable due to different types of farming. Farmers with plough land or grass (n = 80; 37,4%) had an average farm size of 8.9 hectares, excluding statistically extreme values (15 cases). In horticulture, garden, grape and fruit-garden categories (113 producers, 52.8% – excluding 22 extreme values), the average was 0.8 hectares. The most typical were fruit and vegetables (118 cases), milk products (35 cases), and meat products (32 cases). 102 respondents dealt with animal husbandry, too. Processed or semi-processed products were sold by 107 respondents.

To evaluate the results, it was not enough to only consider territorial differences. Eight producer markets and one eco-market of the sample, belonged to the area of Budapest. They had to be examined as a separated group (statistically, six respondents from the eco-market together with 69 respondents of producer markets were examined).  In producer markets, consumer prices were higher, and small consumers must not face price-competition with traders. It is worth pointing out that the number of producer markets located in the sample area of Gyöngyös was insignificant, and it was not possible to make satisfactory surveys at the end of the season because of the low number of available producers. For this reason, only conventional markets were taken into consideration in the sample area of Gyöngyös.

The respondents were asked to mark, on a five-rank Likert-scale, how satisfied they are with certain aspects of marketplaces (Table 2). The results show that, according to all examined aspects, the respondents selling in Budapest and producer markets were the most satisfied. They were followed by producers of conventional markets in Budapest. Producers selling in (conventional) markets of the Gyöngyös area were the least satisfied. The differences measured between the market types and locations were statistically significant (apart from the "satisfaction with the number of regular consumers").

Examined aspects were divided into two different factors (groups)[2]. The following aspects, namely "attainable selling prices", "quantity of saleable products", and "number of customers and returning customers" were factors grouped as "having a direct affect on profit" while "accessibility", "parking opportunities", "costs of stallage" and "services offered to sellers" were considered as an "accessory and comfort" factor.

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[2]    Examining criterion for factor analysis – the value of Kaiser-Meyer-Okin (KMO) test: 0.814

Table 2. Producer satisfaction with the different types of markets, according to location – average of answers, measured on a five-rank Likert-scale

| Aspects | Area of Budapest | | Area of Gyöngyös | Presence of significant differences and their strengths** (in parentheses: values of Cramer's V correlation) |
|---|---|---|---|---|
| | traditional markets, market-halls (n = 71)* | producer markets; eco-market (n = 75) | traditional markets (n=68) | |
| 1. Factor: Having direct effects on profit | | | | |
| Number of customers | 3.06 | 3.54 | 2.99 | Yes; strong relation (0.205) |
| Number of returning customers | 4.27 | 4.51 | 4.06 | No |
| Quantity of saleable products | 3.33 | 3.9 | 3.29 | Yes; strong relation (0.201) |
| Attainable selling prices | 3.71 | 4.05 | 3.32 | Yes; strong relation (0.239) |
| 2. Factor: Accessory and comfort factor | | | | |
| (Easy) accessibility | 4.23 | 4.67 | 3.78 | Yes; strong relation (0.244) |
| Parking opportunities | 2.93 | 3.99 | 3.12 | Yes; very strong relation (0.273) |
| Costs of stallage | 3.31 | 4.22 | 3.12 | Yes; very strong relation (0.273) |
| Services offered to sellers | 3.17 | 3.99 | 2.73 | Yes; very strong relation (0.300) |
| Total | 3.51 | 4.08 | 3.31 | - |
| Producer satisfaction with the income of their farms and selling | | | | |
| Degree of satisfaction | 3.47 | 3.64 | 3.33 | No |

* n – element numbers of the sample, ** – presence of statistically significant relationships based on Chi-square tests, counting 5% significance-levels; strengths of relation were determined by Cramers' V associations. "Very strong relation" – the value of Cramer's V is above 0.25, "strong relation" – the value between 0.15 and 0.25

Source: own survey and [Statistics How To]

The examined producer markets were generally in less frequented places than conventional ones; in this way, they had better opportunities for parking. Producers of conventional markers located in frequented, central areas (for example in Budapest, or Gyöngyös and Eger towns), had a lot of complaints about lack of enough free parking places. Some of them considered it a consumer-deterring factor. On the other hand, chain stores have their own, free parking places for customers, and this can influence consumer choices. Producer satisfaction with the quantity of saleable products, selling prices, and number of customers were the highest in the case of producer markets, in spite of their higher consumer prices. It is worth mentioning that producer markets were located in the sample area of Budapest with the greatest average income on a national level, and most concentrated population level. This suggests that consumers with greater demands for producer goods appeared in greater proportion in producer markets in the area of the capital, than in conventional markets in rural or urban areas.

Regarding stallages and services offered to sellers, similarly, participants of producer markets were most satisfied. The respondents of producer markets were the most satisfied according to averages of both factors (Figure 1.)
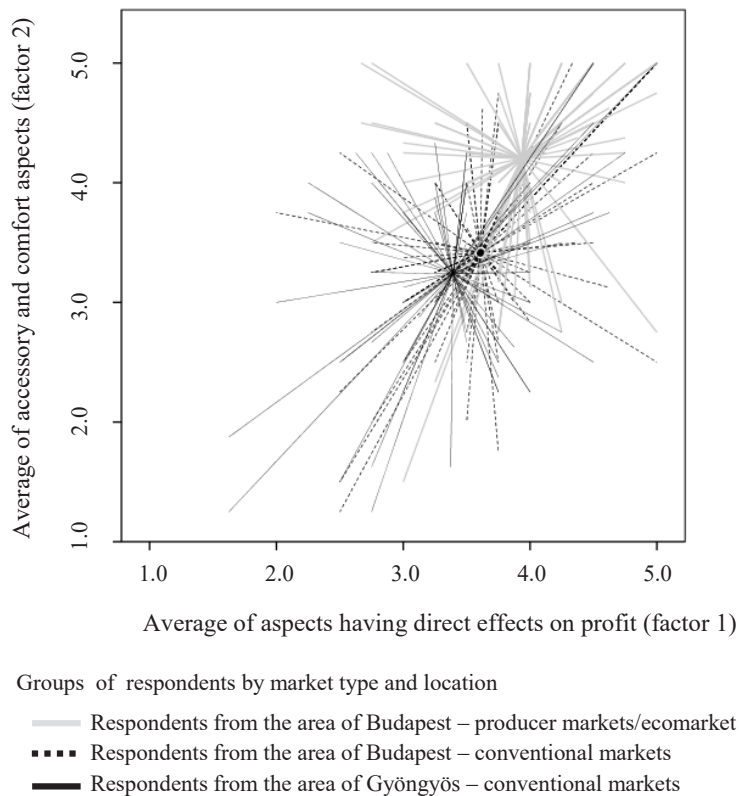


Figure 1. Factor analysis on the aspects of market-trade, related to groups of respondents by market type and location (n = 196)

Source: own survey

In Figure 1, it can be seen that, according to factor values, respondents from conventional markets from the area of Budapest were a bit more satisfied than from the area of Gyöngyös. However, important differences can be observed between the types of markets rather than their locations. (it was not possible to find statistically significant differences between the answers from conventional markets of Budapest- and the Gyöngyös area. Significant differences were observed when looking at the answers from producer markets.) The greatest differences can be observed when it comes to "accessory and comfort aspects." From an objective point of view, it must be mentioned that, for example, the infrastructure of producer markets falls behind the hall-buildings of conventional markets. Generally, in producer markets, producers only got a place for trade; they had to use their own tables and equipment. Stallages, on the other hand, were different. Some of them were free, on a nonprofit basis, and a relatively high example of the daily fee was HUF 5,000 (15.7 EUR). Presumably, the possibly of achieving higher incomes compensated these unpleasant circumstances. Greater satisfaction concerning parking opportunities was understandable due to smaller sizes and fewer numbers of customers (compared to conventional markets and market-halls).

## SUMMARY AND CONCLUSION

The aim of this paper was to shed light on the territorial differences of small producer trade, and market-trade, on the basis of producer satisfaction. A questionnaire survey with 214 producers was carried out and various marketplaces located within a 40 km-radius area of Budapest city and Gyöngyös town were visited. It can be concluded that the greatest differences in market-trade were primarily caused not by market location (rural, urban, or in the capital), but by type. Participants of producer markets (only found in the Budapest-area, in this study) were more satisfied with market opportunities than producers of conventional markets, either located in the Gyöngyös-area or the Budapest-area. Respondents from producer markets were the most satisfied both in terms of aspects having direct effects on profit (price, number of customers, quantity of saleable products) and additionally, convenience aspects, like accessibility, parking, stallage-fees and services offered to sellers. From this point of view, the spatial aspect is important because producer markets were located in developed, urban areas (in this study and also in general). There were no statistically important differences regarding the location of conventional markets, but except for parking opportunities, respondents were more satisfied with markets form the Budapest-area.

It may be concluded that the physical size of marketplaces is not a sole determining aspect in small-producer trade. Although producer markets are smaller than conventional ones (in terms of the turnover of goods), their participating producers were more satisfied. It is advisable for the organizers of rural producer trade to consider the opportunities of opening producer markets, or improve conventional markets, for example with infrastructural development, new (free) parking opportunities, or other services offered to sellers. The most important issue in this subject is the presence and spatial concentration of solvent demand, and interested groups of consumers (living in the vicinity of markets

or possible markets). Campaigns and research dealing with rural consumer susceptibility to producer markets is worthwhile. This issue requires further examination since previous experiences show that consumer groups interested in marketplaces have, regrettably, decreased in past years, due to a concentration of trade.

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# POZIOM ZADOWOLENIA PRODUCENTÓW PROWADZĄCYCH SPRZEDAŻ NA RÓŻNYCH RYNKACH – WYNIKI ANKIETY PRZEPROWADZONEJ NA WĘGRZECH

Słowa kluczowe: handel bezpośredni, rynki, rynki producentów, porównanie terytorialne, ankieta podstawowa

## ABSTRAKT

W ostatniej dekadzie zwiększyło się zainteresowanie badaczy krótkimi łańcuchami dostaw oraz lokalnie wytwarzaną żywnością. Ze względu na koncentrację handlu możliwości sprzedaży małych producentów rolnych zmniejszyły się. Jednak krótkie łańcuchy dostaw mogą oferować tym gospodarstwom alternatywne możliwości handlowe. Tym samym, konieczne jest zbadanie ich rentowności oraz ich roli w rozwoju obszarów wiejskich. Celem artykułu jest zbadanie poziomu zadowolenia producentów rolnych w odniesieniu do rynków zbytu. Zastosowano ankietę podstawową. Badaniami objęto targowiska o różnych rozmiarach i typach, zlokalizowanych w promieniu 40 km od stolicy, Budapesztu i Gyöngyös (w regionie Mátra). Badanie objęło rynki konwencjonalne (i hale targowe), rynki producentów i rynki ekologiczne. Kwestionariusze ankietowe przeprowadzono od sierpnia do grudnia 2018 roku z 214 producentami rynkowymi w 22 różnych miejscach. Uzyskane wyniki wskazują, że różnice pomiędzy rynkami producentów a konwencjonalnymi rynkami zbytu w większym stopniu determinują poziom zadowolenia niż różnice terytorialne. Różnice pomiędzy konwencjonalnym rynkami zbytu na tych dwóch obszarach nie są znaczące pod względem statystycznym. Warto będzie w przyszłości przeprowadzić badania odnoszące się do skłonności konsumentów z obszarów wiejskich do korzystania z rynków producentów. W przeprowadzonych badaniach rynki producentów z obszarów wiejskich (które mogłyby zwiększyć poziom zadowolenia producentów), nie były typowe.

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