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# Understanding the characteristics of Australian farmers' markets



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Development Corporation**

# **Understanding the characteristics of Australian farmers' markets**

by Vicki Woodburn

June 2014

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# Foreword

Being responsive, having the capacity and flexibility to adapt and transform products, and change or diversify supply chains is part of modern farming and food businesses. This research study considers the role farmers' markets in Australia can and are playing in providing farmers and food businesses with a viable option to profitably and efficiently sell their products.

Farmers' markets are a direct marketing supply option linking producers of food products with customers. This research study confirms that these markets provide farmers and food businesses with an economically viable distribution option as well as a platform to grow their business, test their products and an opportunity to improve other aspects of their business.

The latest Australian consumer trends around food purchasing indicates that there is likely to be increased interest in buying local, supporting communities and industries, making healthier food choices and reducing environmental impacts. Farmers' markets can be strategically positioned in cities and communities to take advantage of these trends and deliver quality, fresh and valued food products straight from producers to consumers.

This research study also observed that farmers' markets can deliver other community benefits, for instance helping to improve community wellbeing, providing greater access to local healthy food, providing a social/ community hub and educating people on where their food comes from and the health qualities. Farmers' markets are therefore a useful and relevant strategy for local communities to deliver a range of benefits for producers, consumers and communities.

The Rural Industries Research and Development Corporation's (RIRDC's) core role is to maintain and enhance the productivity of those rural industries it supports and to show leadership in a range of cross-industry sector areas. Farmers' markets are a distribution supply option for many industry sectors and this research can be used to inform farmers' market participants, agriculture and food industries and local communities not only about the current role they play in Australia but also their possible application in a broader context through recognising their strengths, opportunities and risks.

This report is an addition to RIRDC's diverse range of over 2000 research publications and it forms part of our Global Challenges R&D program, which aims to collectively address challenges, whether impediments or opportunities, to improve the profitability and sustainability of Australian agriculture.

Many of RIRDC's publications are available to view, download or purchase online at [www.rirdc.gov.au](http://www.rirdc.gov.au). Purchases can also be made by phoning 1300 634 313.

**Craig Burns**  
Managing Director  
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# About the Author

Vicki Woodburn has worked for more than 18 years in the public and private sector, primarily in planning, designing, implementing and evaluating policies and programs. She has extensive experience in primary industries, natural resource management, environment, regional Australia and research and development.

Vicki is well positioned to undertake this research study as she brings to the role her considerable experience and understanding of public policy coupled with industry analysis. Furthermore, Vicki has not previously worked with the farmers' markets and therefore offers a fresh and considered look at Australia's farmers' market movement from an independent and impartial perspective.

Vicki has undertaken work for the Australian Government Department of Agriculture,, Murray-Darling Basin Commission, Australian Geological Survey Organisation and Hassall & Associates Pty Ltd. She established Garland Outcomes, an evaluation and policy analysis company, in 2007.

Vicki has also led several high profile evaluations including the first review of the Regional Australia Institute, as well as evaluations of the Australian Pest Animal Strategy, Australian Weeds Strategy, the National Climate Change Adaptation Program, National Landcare Program – Sustainable Industries Review, Review of the Produce and Grocery Industry Code of Conduct, the Evaluation of the Natural Heritage Trust Facilitators and Coordinators Network, policy advice for Caring for our Country Program and the development of an evaluation framework for the Commonwealth Environment Research Facilities Program.

## Acknowledgments

I would like to thank all the farmers, food business stallholders, farmers' market managers, community representatives and local government officials for participating in the online surveys and taking the time to call me to provide me their views and perspectives. I was struck by the enthusiasm and passion people in this area have and believe it is a positive sign for farmers' markets and their contribution in the future.

New data collected from farmers and food business participants of farmers' markets is valuable and provides a good snapshot of current views and perspectives. In particular, market managers' participation helped to further confirm and update previous research. Those community and local government representatives involved in this research study have also been instrumental in developing a new understanding of the broader issues around farmers' markets in local communities around Australia.

Thanks to Simon Winter from RIRDC for his advice and guidance during the research study. I would also like to thank the Advisory Group of Jane Adams, Jenny Payet and Miranda Sharp who have all had an active and long-term interest in farmers' markets in Australia. Their input was valued and helped guide many aspects of the research. The state farmers' market contacts that helped obtain and disseminate information about the research study have also made a valuable contribution to this research study.

Thanks to Bill Binks from ABARES for providing feedback on the draft report. Bill's past involvement in research related to farmers' markets was particularly helpful in finalising the report.

Finally thanks to Garland Outcomes' Senior Research Analyst, Jennifer Medway, who participated early on in the research study by helping to collect research and provide impartial feedback prior to her taking maternity leave.

# Contents

- Foreword ..... iii**
- About the Author..... iv**
- Acknowledgments..... iv**
- Executive Summary..... x**
- 1. Introduction ..... 1**
- 2. Objectives ..... 2**
- 3. Methodology..... 3**
  - Broad assessment approach ..... 4
  - Existing research trawl and scan ..... 4
  - Customised analysis frameworks ..... 5
  - Research Study Surveys ..... 6
- 4. Results – Key messages from previous studies ..... 8**
- 5. Results – Farmer and food business stallholder survey ..... 11**
- 6. Results – Market manager survey ..... 28**
- 7. Results – Community, industry and local government interested parties ..... 40**
- 8. Discussion – Farmers’ markets in relation to farmers and food business stallholders ..... 47**
  - Core requirements .....47
    - Reliable distribution option .....47
    - Demand for produce and products .....51
    - Profitability.....55
    - Growth opportunities for farmers and food business stallholders .....56
    - Ability to diversify distribution channels .....58
    - Direct customer feedback and interaction and other attributes of farmers’ markets .....59
  - Preferences or options for some stallholder participants ..... 60
    - Increased opportunities to control aspects of business .....60
    - Skill and capacity development.....60
    - Lifestyle preferences and suitability.....61
- 9. Discussion – Consumers and Community ..... 63**
  - Core Requirements.....63
    - Products are safe and legal .....63
    - Quality, fresh and value added produce .....64
    - Value .....66
    - Accessible and convenient access .....67
    - Reliable and trustworthy.....68
  - Consumer options or preferences.....72
    - Positive for Health.....72
    - Positive for the Environment.....73
    - Support for people (including communities and industries) .....75
- 10. Implications..... 79**

|            |                              |           |
|------------|------------------------------|-----------|
| <b>11.</b> | <b>Recommendations .....</b> | <b>86</b> |
| <b>12.</b> | <b>References .....</b>      | <b>87</b> |

## Tables

|         |  |    |
|---------|--|----|
| Table 1 | Core requirements and options and preferences considered in the assessment of farmers' markets .....                                   | x  |
| Table 2 | Usage of other distribution channels used by stallholders participating in farmers' markets .....                                      | 22 |
| Table 3 | Characteristics of a farmers' market as a distribution channel for farmers and food business stallholders .....                        | 48 |
| Table 4 | Number of farmers' markets in Australia 2011 .....   | 50 |
| Table 5 | Top 6 rated attributes of what farmers and food business stallholders and market managers think their customers view as important..... | 65 |
| Table 6 | Summary of farmers' markets for farmers and food businesses against framework attributes .....   | 79 |
| Table 7 | Summary of farmers' markets in relation to consumers.....  | 81 |

## Boxes

|       |   |    |
|-------|---|----|
| Box 1 | Example of comments from farmers and food business stallholders about reasons for not participating in their closest market ..... | 14 |
| Box 2 | Examples of comments provided by farmers and food business survey participants related to improving their operations.....         | 24 |
| Box 3 | Coles example of tactics being used to attract more local products .....  | 76 |
| Box 4 | Community and local government comments relating to social benefits provided by farmers' markets .....                            | 77 |

## Figures

|           |  |    |
|-----------|--|----|
| Figure 1  | Five stages of the research study .....  | 3  |
| Figure 2  | Framework for considering farmers and food business stallholders' needs of farmers' markets .....                                | 5  |
| Figure 3  | Framework for considering consumer and local community needs from farmers' markets .....   | 6  |
| Figure 4  | Farmer and Food Business Stallholder survey respondents by state and territory .....   | 11 |
| Figure 5  | Products sold at farmers' markets by survey respondents .....  | 12 |
| Figure 6  | The number of farmers' markets farmers and food business stallholders participate in ...   | 13 |
| Figure 7  | Farmers and food business stallholders' where main farmers' market is closest to their business .....                            | 13 |
| Figure 8  | Distance stallholders' travel to participate in their main farmers' market .....   | 15 |
| Figure 9  | Length of time farmer and food business stallholders had participated in farmers' markets .....                                  | 15 |
| Figure 10 | Frequency of the farmers' markets participated in by farmers and food business stallholders .....                                | 16 |
| Figure 11 | Farmers and food business stallholder participation in their main farmers' market .....  | 16 |
| Figure 12 | Farmers and food business stallholders' interest in participating more frequently in farmers' markets .....                      | 17 |
| Figure 13 | Stallholder fees per market day .....  | 18 |
| Figure 14 | Stallholders' view on whether their main market was an 'authentic' farmers' market .....   | 18 |
| Figure 15 | Person responsible for the farmers' market stall .....   | 19 |
| Figure 16 | Farmers and food business stallholders' view on whether they made a profit through their participation in farmers' markets ..... | 20 |
| Figure 17 | Stallholders' perspective on demand and supply balance at their farmers' market .....  | 21 |
| Figure 18 | Stallholders estimated volume of produce sold through farmers' markets .....   | 21 |
| Figure 19 | Other distribution channels used by Farmers and Food business stallholders .....   | 22 |
| Figure 20 | Farmer and Food business stallholders main business goals for the next five years .....  | 23 |
| Figure 21 | Stallholders rating importance of farmers' markets for a range of areas .....  | 25 |
| Figure 22 | Confidence of stallholders in aspects of their farmers' market business .....  | 26 |
| Figure 23 | Employment type for market managers .....  | 28 |
| Figure 24 | Geographic distribution of farmers markets managed by market managers .....  | 28 |
| Figure 25 | Distribution of number of hours worked by Farmers' Market Managers per week .....  | 29 |
| Figure 26 | Length of time market manager respondents had been operating farmers' markets .....  | 29 |
| Figure 27 | Length of operation of the farmers' markets being managed by the survey market manager respondents .....                         | 30 |
| Figure 28 | Estimated maximum distance customers travel to farmers' market (estimated by market managers) .....                              | 31 |
| Figure 29 | Distribution of different stakeholder types on management committees of farmers' markets .....                                   | 32 |

|           |  |    |
|-----------|--|----|
| Figure 30 | Crucial attributes required to recruit and retain a market manager .....   | 32 |
| Figure 31 | Confidence of market managers for a range of attributes in relation to their farmers' market .....   | 34 |
| Figure 32 | Market managers' view on the demand or need for authentication or accreditation.....   | 35 |
| Figure 33 | Farmers' market authentication from the market managers' perspective.....  | 36 |
| Figure 34 | Market managers' perspectives on the characteristics that should form the basis of an accredited farmers market.....                                       | 37 |
| Figure 35 | Areas that market manager's report more could be done for their farmers' market across a range of areas .....  | 39 |
| Figure 36 | Survey participants role or association with farmers' markets.....   | 40 |
| Figure 37 | Role of survey respondents' organisations with a farmers' market .....   | 41 |
| Figure 38 | Characteristics of farmers' markets for survey respondents .....   | 41 |
| Figure 39 | Length of operation of farmers' markets related to survey respondents.....   | 42 |
| Figure 40 | Survey respondents' perspectives on the level of importance of different customer attributes .....   | 43 |
| Figure 41 | Rating of farmers' market value for their community across a range of possible roles.....  | 44 |
| Figure 42 | Perspectives on the supply and demand balance at the farmers market in their area .....  | 44 |
| Figure 43 | Perspectives on the sustainability of the farmers' markets.....  | 45 |
| Figure 44 | Distribution channels customers purchased vegetables from over an average month.....   | 52 |
| Figure 45 | Stallholders and Market Managers rating of demand and supply balance at their farmers' markets.....  | 54 |
| Figure 46 | Value of Farmers' markets for business incubation .....  | 57 |
| Figure 47 | Importance of farmers' market for obtaining contacts for other sales outside of markets..  | 57 |
| Figure 48 | Stallholders confidence rating for their skills and abilities .....  | 61 |
| Figure 49 | Confidence of farmer and food business stallholders and market managers on minimum health and safety requirements being met at their farmers' markets..... | 64 |
| Figure 50 | Sustainable Table's Ethical Shopping Pyramid .....   | 74 |
| Figure 51 | Top three services a farmers' market can offer farmers, food business stallholders, consumers and local communities .....                                  | 83 |

# Executive Summary

## What the report is about

There is growing interest in farmers’ markets in Australia. They provide a valuable distribution channel that directly links food producers with customers. This research study aims to take stock of farmers’ markets in Australia in relation to four stakeholder groups – consumers, farmers, value added food businesses and local communities. Specifically, this research study considers the strengths and opportunities of Australia’s farmers’ markets in relation to these four groups. It also considered the potential weaknesses and threats to the success of the farmers’ market model.

## Methods used

This research study grouped into ‘farmers and food value added business stallholders’ and ‘consumers and local communities’. Analysis frameworks were established which identified core components, and possible options and preferences to be considered to assess the value of farmers’ markets for the two stakeholder groupings (illustrated in Table 1).

**Table 1 Core requirements and options and preferences considered in the assessment of farmers markets**

|                        | Farmers and food value added business stallholders     | Consumers and local communities                        |
|------------------------|--|--|
| Core requirements      | Reliable distribution option                           | Products are safe and legal                            |
|                        | Sufficient demand for produce and product              | Quality, fresh and value added produce                 |
|                        | Growth opportunities                                   | Value  |
|                        | Ability to diversify distribution channels             | Accessible and convenient access                       |
|                        | Profitability  | Reliable and trustworthy                               |
|                        | Direct consumer feedback and interaction               |  |
| Options or preferences | Increased opportunities to control aspects of business | Positive health options                                |
|                        | Skill and capacity development                         | Positive for the environment                           |
|                        | Lifestyle choice or suitability                        | Support for people (including communities, industries) |

Existing Australian and international research coupled with three online surveys, undertaken as part of this research study, were used to complete the analysis of Australian farmers’ markets against the core requirements and possible options or preferences for stakeholders.

The three online surveys focused on collecting data from:

- farmers and food value added business stallholders of farmers markets
- farmers’ market managers, and
- community and local government interested parties.

The main survey was for farmers and food business stallholders with 286 people participating. The market manager survey had 61 respondents and the community and local government interested parties survey had 32 respondents.

Survey responses helped form judgements against each of the identified core requirements and preferences included in the report. This approach to assessing the data was a useful and logical way to consider all the components and aspects of farmers' markets. These frameworks can be built on and used in future assessments and can also be used as a guide for individual farmers' markets to consider their positioning and opportunities to improve.

## **Results/key findings**

Farmers' markets can be viewed as a 'facilitator', 'vehicle' or 'enabler' to deliver a range of services to farmers, food businesses, consumers and communities. The top three services this research study identified that farmers' markets can facilitate for each stakeholder group are:

### Farmers

- A profitable direct consumer market link.
- A reliable distribution channel that can complement other distribution options available for farmers and other food businesses. It is particularly valuable for new and emerging businesses where products are still being tested and developed, and availability of produce can differ from market day to market day.
- A positive environment to learn and improve the business (through connecting with consumers and other market participants). This can help improve a business beyond the farmers' market.

### Food businesses (particularly small and new food businesses)

- An opportunity to innovate and present, test and improve food products directly with consumers. The direct contact with consumers was reported to this research study as the most important aspect of farmers' markets.
- A reliable low risk environment where businesses can grow at their own pace. The operating environment provides a degree of flexibility when compared with other distribution options available to farmers and food businesses.
- A connection with consumers, people who could provide other direct market options, other similar businesses and the broader community.

### Consumers

- Alternative access to fresh, local and seasonal food sourced directly from the food producer.
- Exposure to a variety of foods and the opportunity to learn about how the food was produced and made as well as how to use it.
- Ability to support the local community, local businesses (farmers and food businesses) and the environment.

### Local communities

- A viable 'tactic' to achieve important community outcomes – health, education, tourism, social wellbeing and regional economic outcomes.
- Encourage local leadership and commitment to supporting local people.
- A range of benefits such as social wellbeing, improved health and regional economic outcomes.

Farmers' markets do not suit all farmers, food businesses and communities but this research study has identified that it is a valid and useful alternative retail option. They are valued by participating farmers and food businesses with nearly 80 per cent of survey respondents reporting that they made a profit through their farmers' market stall.

Of those farmers and food businesses who participate in farmers' markets and were surveyed, nearly half identified business growth as their main goal over the next five years. A further 20 per cent were

seeking to build their brand awareness and 9 per cent to test new products and produce. Ten per cent of respondents wanted their business to stay the same, 8 per cent sought to retire, exit or scale back their business and the remainder were unsure of their business goals over the five year horizon

Farmers' markets provide a relatively low risk environment with a major benefit being the degree of flexibility they give stallholders, particularly in introducing new products and testing different packaging, branding, and portion and product sizes. The resulting customer feedback is direct and immediate. This sets up a positive environment for business incubation and continuous improvement with lower risk and cost than other more traditional new product development models. Access to a large network of stallholders and market managers can also play a role in creating an innovative and competitive environment where food businesses can learn, innovate and grow.

Only 7 per cent of stallholders solely use farmers' markets to sell their produce (with only a 25 per cent selling 75 per cent or more of their produce through farmers' markets). Farmers and food businesses reported using a range of distribution channels to sell their produce, the most frequent alternative market option were local shops and restaurants and direct to the food service sector.

Despite this, farmers' markets remain an important avenue for generating produce sales with nearly 70 per cent of farmers and food businesses rating farmers' markets as critical, very important or important in facilitating sales outside of farmers' markets. Farmers' markets provide the nucleus for farmers and food businesses to showcase their produce, to interact with their customers and on a practical level, to demonstrate how produce can be cooked, eaten and/or stored. This interaction has been reported to attract a range of flow-on sales. Examples of this include chefs and restaurants who build relationships with producers to gain benefits in directly sourcing particular foods or customers directly sourcing produce as a result of their interaction and experience in seeing and potentially tasting the products.

Farmers' markets are also an effective avenue for farmers and food businesses to increase their share of the retail dollar over other more traditional food distribution outlets. Because of difficulties in meeting regulations and specifications, transport and distance to distribution channels and quantity and seasonality of produce, traditional outlets such as supermarkets and larger food chains can be difficult to open up trade with and even more challenging to maintain. Farmers' markets are in a unique position to take advantage of current consumer trends and maximise their opportunities in this environment.

Farmers' markets provide an avenue for consumers to access a range of seasonal, fresh, raw and value added food. Consumers who shop at farmers' markets are attracted to the perceived or real quality and freshness of the products. There is no doubt that there are several consumer trends that present opportunities for farmers' markets, particularly those farmers' markets that can offer local, fresh and seasonal produce as well as a relationship, that more and more is a factor largely affecting consumers' purchasing decisions.

While there are clearly many positive aspects of farmers' markets, an issue arising from the surveys was the increased competition between farmers' markets with some farmers' markets being deemed less viable because of the introduction of newer farmers' markets within proximity of each other. Equally, the demographics and size of the potential customer base in a location may not sustain a farmers market. Therefore this research study has concluded that the goal and future for the farmers' market movement should not be about growing the number of farmers' markets but about growing the market share of individual markets within a particular region.

The assessment of farmers' markets against the five core requirements for consumers and local communities (noted in Table 1) show that farmers' markets are reasonably well positioned. Findings in relation to the core requirements include:

- Ensuring products are safe and legal is challenging and requires ongoing commitment. Currently, State and Territory government food safety regulations help to reduce food safety breaches and there is also information being prepared by the Food Safety Australia and New Zealand to help market managers and stallholders to continuously improve and maintain high food safety standards.
- Farmers' markets are valued by consumers for delivering quality and fresh products and were noted in many of the domestic and international consumer surveys reviewed to be a main motivator to purchasing food from farmers' markets. The Victorian Farmers' Markets Association has developed criteria to ensure best practice as applicable to quality, and they operate training courses for stallholders and their accredited markets are routinely inspected. Outside of Victoria, there are a range of quality assurance processes that are used to keep standards of produce high. However, there is currently no agreed national approach to standards and quality assurance but the national farmers' market body, Australian Farmers' Markets Association is showing some leadership in this area.
- Consumers participating in farmers' markets in Australia are, in general, not looking for the cheapest option. They are instead looking for a range of qualities which the farmers' market can provide. Prices of products need to be reasonable in comparison to other distribution channels and any points of difference need to be made clear.
- Opening hours and timing is one of the most challenging areas for farmers' markets for both consumers and stallholders. Communicating the value-proposition farmers' markets offer is of high importance if they are to compete against major retailers, who open for longer hours in accessible locations compared to the weekly, monthly or seasonal operations of farmers' markets.
- Encouraging growth of farmer direct sales to consumers is positive but there are risks associated with the definition of "farmers' markets". Given the number of different types of markets calling themselves "farmers' markets", there is potential for misled and/or confused consumers.

## ***Farmers and food business stallholders – strengths and weaknesses***

|  <b>Strengths and opportunities</b>   |  <b>Weaknesses and Threats</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• reliable distribution channel available to directly sell products to customers</li> <li>• farmers' markets are being used as one of several channels to sell produce. They can be incorporated into business plans as part of a 'marketing mix'</li> <li>• farmers' markets are growing and once established are likely to remain a viable distribution channel</li> <li>• nearly 80 per cent of stallholders report positive economic benefits from their participation</li> <li>• provide a low risk environment to grow business, test products and brands</li> <li>• can be a positive learning environment - learning both from consumers as well as other stallholders and market management</li> <li>• opportunity for farmer and business stallholders to make a positive contribution to their local communities</li> <li>• increased control of business, compared with other distribution options that have set standards and quantity requirements</li> </ul> | <ul style="list-style-type: none"> <li>• time required to participate can be high and in some cases was reported to be inconvenient or not possible for some people</li> <li>• weather can create risks for reduced customer numbers</li> <li>• resellers misleading consumers and potentially influencing prices at markets</li> <li>• variability in market management skills poses risks in attracting customers and suitable stallholders</li> <li>• limited ability to influence stallholders who can impact on the reputation and customers' experience at markets</li> <li>• Some rural and regional markets were reported to not offer adequate returns for stallholder participation especially when compared with metro markets that have consumers demanding and willing to pay for particular types of food products (e.g. organic, local product)</li> <li>• Farmers markets are not an option for all farmers and food producers. Farmers' markets manage the product availability to ensure there is value for stallholders participating and wide variety for selection by consumers. In some cases there is not space in the farmers' market for farmers and food producers where others are already providing those products.</li> </ul> |

## ***Consumer – strengths and weaknesses***

|  <b>Strengths and opportunities</b>  |  <b>Weaknesses and Threats</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• good access to fresh and local produce</li> <li>• opportunity to explore new and different foods and food related products</li> <li>• learn more about where food comes from and who made it</li> <li>• ability to directly support farmers and food businesses</li> <li>• avenue to connect with the community and support the region (socially and economically)</li> <li>• possible health benefits (e.g. there are examples of farmers' markets increasing availability of fresh, local fruit and vegetable produce and market participants increasing the type and their level of consumption of fruit and vegetables)</li> <li>• opportunities to purchase food closer to its origin, may have less packaging and other sustainability advantages</li> </ul> | <ul style="list-style-type: none"> <li>• convenience of operating hours can limit ability to source required food from farmers' market</li> <li>• weather can impact access and convenience on market day. Weather can also impact the produce available in the region</li> <li>• risks that customers can be misled by assuming all stalls are the producer or maker of produce</li> <li>• assumptions that products are better for health and the environment</li> </ul> |

## Local communities – strengths and weaknesses

|  <b>Strengths and opportunities</b>   |  <b>Weaknesses and Threats</b>   |
|--|---|
| <ul style="list-style-type: none"> <li>• provide an alternative avenue for consumers and communities to access fresh, local, seasonal and nutritious food</li> <li>• provide a viable avenue for farmers to sell their produce</li> <li>• can help to encourage enhanced community wellbeing and improved health</li> <li>• revitalise community economy and assist regional development</li> <li>• promote regional and local agriculture</li> <li>• can play a role in revitalising towns, regions and public spaces</li> <li>• create a positive informal learning environment for people to learn and connect with food, how it is grown and its health qualities</li> <li>• enables community leadership</li> <li>• can help raise money for community organisations</li> </ul> | <ul style="list-style-type: none"> <li>• reliance on public venues and facilities</li> <li>• challenges associations with volunteer burn out</li> <li>• can require ongoing support and investment</li> <li>• there are small risks of food safety standards and minimum requirements being inconsistently applied</li> <li>• poor market management</li> <li>• some smaller markets are not as profitable for stallholders therefore challenging to attract stallholders to smaller markets</li> </ul> |

### Implications for relevant stakeholders

Farmers' markets should be considered a viable option for some farmers and food businesses. Existing participants of farmers' markets rely on this trade alongside other retail options as part of their business structure, which is reflected in the favourable responses to farmers' markets in the surveys conducted as part of this research study.

Farmers and food businesses across a range of industries participate in the markets, including horticulture, livestock, poultry and eggs, seafood and a wide range of new and emerging industries.

Developing useful and relevant resources to help farmers and food businesses assess whether farmers' markets are an efficient and profitable option for their specific business circumstances would be of value. Other sources of information, resourcing and support would be invaluable to reduce areas of risk such as food safety information and requirements. Market managers and others involved in the organisation and leadership of farmers' markets could play an integral role in assisting stallholders in this regard but there are few formal tools or resources currently available to them or stallholders.

There is also a lack of awareness of local communities and local, state and Commonwealth governments to consider farmers' markets as part of the broader food system and their potential role in contributing to economic, social and environmental development. It is a small part of the system but this research study has identified that if used strategically farmers' markets can help deliver a range of community and other benefits. Again there is a gap in the resources and technical expertise available to these stakeholder groups, particularly in helping local decision makers to identify the best way to integrate farmers' markets into individual communities in order to maximise or realise the potential economic, social and environmental benefits.

A key challenge facing farmers' markets is how to demonstrate authenticity of products to consumers and decision makers.



# 1. Introduction

Farmers' markets are a growth area for farmers and other local food businesses to market their produce directly to consumers. This research sought to take stock of the Australian farmers' market food distribution channel for four key stakeholders – farmers, value adding food businesses, consumers and local communities.

Strengths, weaknesses, opportunities and threats (SWOT) for each of the stakeholder groups were considered. The process of identifying the SWOT for an industry sector can help plan for the future, manage change and ensure they are well placed to respond to any weaknesses or threats. This research can be used by individuals interested in participating farmers' markets to help consider their involvement, commitment and future requirements.

The Australian Farmers' Market Association's (AFMA) definition of a farmers' market was used to guide this research study:

“A Farmers' Market is 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 artisan food products directly to customers.”

Given the wide variation of markets that operate in Australia, this research did not exclusively consider only those markets that meet AFMA's definition, rather this research study tried to understand the role and value of local food markets which are considered to be predominantly producer markets.

The report is structured in four parts:

- The Introduction, Objectives and Methodology which provides the context, terms of reference and approach used for the research study
- There are three results chapters which provide summaries of the three surveys conducted as part of this research study (farmers and stallholder survey, farmers' market manager survey and one obtaining input from interested parties at the local community level)
- Discussion of findings and observations in relation to farmers and valued add food business stallholders and consumers and communities are provided in two Discussion chapters, and
- Implications and Recommendations draw the results and discussion together and provide key messages obtained from the research study and gaps in knowledge.

## 2. Objectives

The three Terms of Reference set by the Rural Industries Research and Development Corporation (RIRDC) for this research study are, to:

1. Consider the strengths and opportunities of farmers' markets in Australia for the following stakeholder groups:
  - Consumers
  - Farmers and other artisan food producers
  - Food value adders, and
  - Local communities hosting farmers' markets.
2. Analyse the perceived and actual weaknesses, threats and risks posed to farmers' markets.
3. Highlight any gaps in the current knowledge base of farmers' markets that will assist in guiding future research and development activities by the farmers' market sector to support future growth.

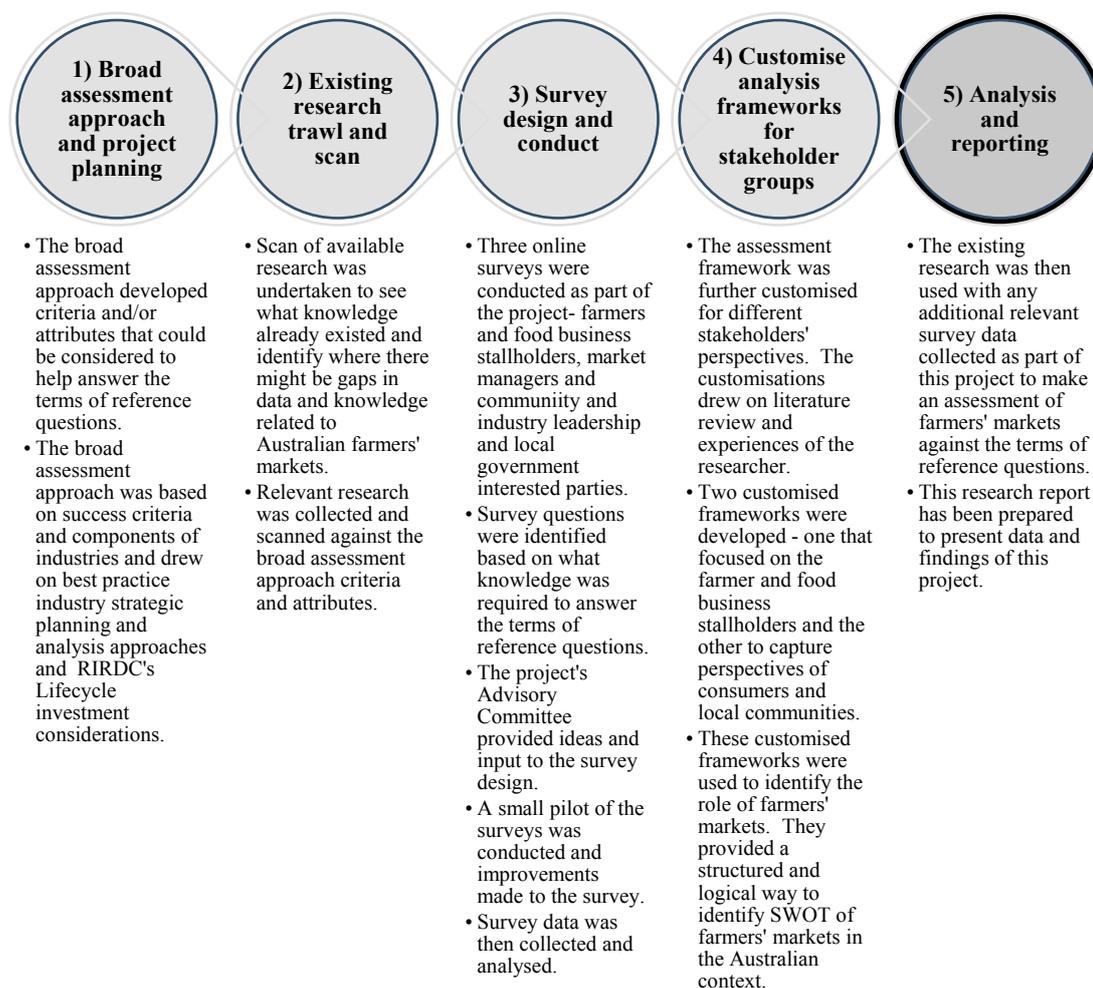
### 3. Methodology

This chapter outlines the methodology used for this research study. The methodology was shaped by the timing available, the small budget for the research study and previous relevant and available research knowledge. The research study was undertaken from August to November 2013.

There were five key stages to the research study (presented in Figure 1):

1. Develop a broad framework and research study plan to guide project activities, data collection and data needs
2. Identify and scan existing relevant research from within Australia and international sources
3. Design and conduct three online surveys targeting different participants or observers of farmers’ markets – stallholders, market managers and leaders or organisations in local communities who may have an interest or role in farmers’ markets
4. Further develop customised analysis frameworks to consider farmers’ markets for each of the terms of reference stakeholder groups. Existing research was then combined with any additional data collected as part of this research study to make an assessment using the analysis frameworks, and
5. Analysis and reporting of research study findings.

**Figure 1 Five stages of the research study**



Further details on the methodology components are outlined below.

#### **Definitions used in this research study**

Other interpretations of language used in the terms of reference include:

- **Farmers and producers** are used in this research study and are intended to refer to people and/or businesses that are using natural resources to grow or raise food or fibre produce.
- **Value adders or processors** are people or businesses that are using raw produce to process or package in any manner for preparation for sale for human consumption or use. In this research study value adders and processors are referred to as food businesses.
- **Consumers** are anyone who uses products or services and in this case the focus is on people within Australia in relation to food products.

At times farmers and food value added businesses are referred to collectively as farmers' market stallholders.

To avoid confusion when referring to other markets, outside of a farmers' markets, the terms distribution channel and supply chain are used.

#### **Broad assessment approach**

The broad assessment framework was developed which included criteria and attributes that could be considered when reflecting on farmers' markets. The attributes or considerations that made up the assessment framework included:

- Profile of farmers' market participants and the culture of farmers' markets
- Demand and/or competitiveness with other supply options
- Feasibility, reliability and viability of the farmers' market
- Growth potential (considered at the stallholder level and market level)
- Economic aspects (profitability and value)
- Required minimum standards and any legislative requirements
- Environmental sustainability credentials
- Skills and capacity of participants, and
- Social values (benefits and costs).

These attributes or considerations were identified based on previous analysis of industry sectors conducted in Australia and internationally as well as the RIRDC Lifecycle Assessment Process as outlined in the RIRDC Corporate Plan 2012-17.

#### **Existing research trawl and scan**

The assessment framework helped to identify what existing research might be most relevant and why. The research study Advisory Committee provided relevant research which was reviewed as part of this research study. In addition, a data trawl of the internet and of key journals was undertaken using data search approaches and key words aligned to the broad assessment framework. Forty-five different data sources were identified as potentially relevant from an Australian perspective and a

further 103 were identified from an international perspective, primarily focused on New Zealand, Canada, the United States and the United Kingdom. These countries were considered as most relevant to Australian circumstances.

A scan of this research was undertaken and mapped against the themes of the broad assessment framework. Gaps in knowledge were noted and these gaps helped to pinpoint what information would be most valuable to be collected in the online surveys.

This report has not sought to provide a literature review summary of existing research. Rather, it has drawn on and referred to research in the Discussion sections where this research is relevant.

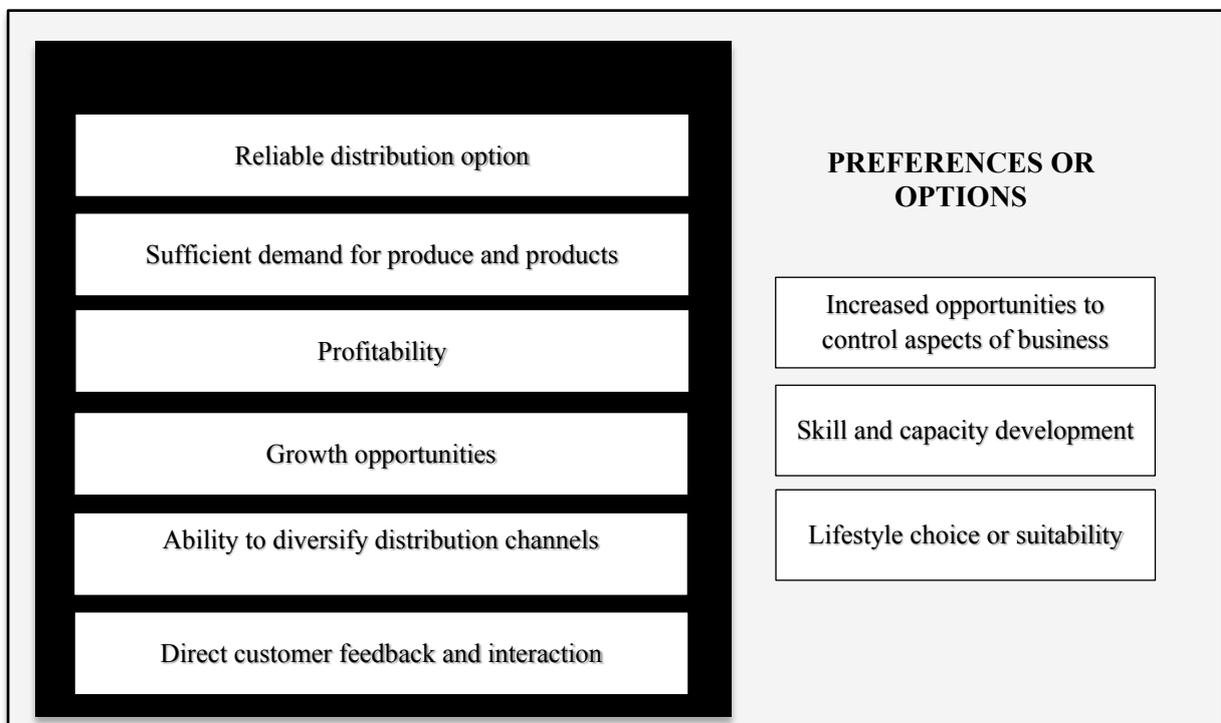
### **Customised analysis frameworks**

Two customised analysis frameworks were developed as part of this research study. The first one focuses on the farmer and food business stallholders of farmers' markets and the second concentrates on consumers and local communities that participate in farmers' markets. These customised frameworks were used to identify the role of farmers' markets and they provided a structured and logical way to identify the SWOT of farmers' markets in the Australian context.

### **Farmer and food business analysis framework**

Farmers and food business stallholders are key participants in farmers' markets. The farmer and food business conceptual framework has two parts – 'core requirements' which must be met for farmers or food business stallholders if farmers' markets are to be a suitable supply channel for their circumstances. The second part of the conceptual framework is 'preferences or options' that may interest some stallholder participants of farmers' markets. This framework is set out in Figure 2 below.

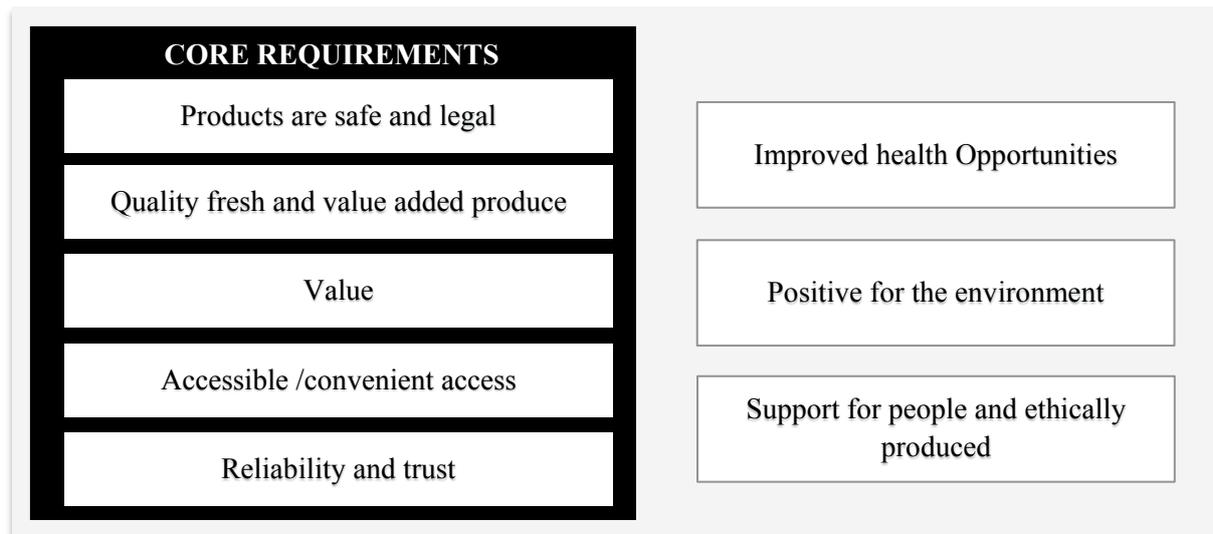
**Figure 2 Framework for considering farmers and food business stallholders' needs of farmers' markets**



## Consumer and community analysis framework

This consumer and community analysis framework has been developed based on observations from consumer research (ACRE, 2010; Roy Morgan 2013; DAFF 2007), tactics and approaches used by relevant retailers (Healing 2012; Woolworths 2012) and both international and Australian research relevant to farmers' markets. The consumer and community analysis framework, consistent with the farmer and food business stallholder framework, includes 'core requirements' and 'preferences or options' as set out in Figure 3.

**Figure 3 Framework for considering consumer and local community needs from farmers' markets**



## Research Study Surveys

Three online surveys were conducted as part of this research study.

### Survey of farmers and food business stallholder participants of farmers' markets

The primary survey conducted as part of this research study targeted farmers and food business stallholders that participate, or have participated, in farmers' markets.

This survey sought to obtain some nationally relevant data from the perspective of farmers' market stallholders as this was seen as a gap in knowledge to response to the terms of reference. There is some existing information about stallholders participating in farmers' markets from studies such as the previous RIRDC study by Coster & Kennon (2005) '*New Generation' Farmers' Markets in Rural Communities.*' There are also examples of individual markets obtaining intelligence from their stallholders.

This survey actively sought to obtain feedback from a cross section of farmers and food business stallholders across the country. The survey was conducted online during September and October 2013. A range of methods were used to engage as many producers as possible in this research study, including contacting market managers as well as promotion through agricultural industry groups. The survey was voluntary.

Participation was invited for farmers and food business stallholders who participated in a farmers' market or another similar community based food market they considered similar. The survey asked questions about the attributes of the market that they participated in, which enabled analysis of different types of markets where relevant.

In total, 286 farmer and food business stallholder survey responses were obtained. This is a reasonable sample size of between 5 and 11 per cent of stallholders thought to participate in farmers' markets around Australia. This estimate is based on data from Coster & Kennon (2005) and Er (2011) which claims the estimated number of stallholders in 152 markets to be in the range of 2500 and 5200.

It should be noted that online voluntary surveys have limitations which need to be taken into consideration, particularly when interpreting the results. This is compared with broader surveys whose activity segment the stakeholder group and actively target this segment through a variety of survey formats. The budget for this research study dictated the breadth of the investigations and prevented a more hands on and detailed survey approach. Adequate computer and internet access and the short timetable may have also been challenging for some stallholders and prohibited their involvement in the research study. However, under these constraints, every effort was made to engage with as many respondents as possible and the sample size has delivered many meaningful results for this analysis.

### **Survey of Farmers' Market Managers**

The farmers' market manager survey aimed to complement a previous survey of market managers conducted by ABARES (Er et al. 2012). This previous research involved a survey of 72 market managers across Australia seeking their views on operational, economic and social dimensions of farmers' markets.

The marketing manager survey for this particular research provided an opportunity for input in similar areas to the stallholder survey and sought to fill knowledge gaps to help address the Terms of Reference questions. It was conducted during October 2013.

The nominated state AFMA representatives helped to promote the survey to market managers across Australia of which 61 market managers responded to the survey. In some states and territories where they do not have active farmers' market associations or affiliations with AFMA a broader invitation to farmers' market managers was made. These markets were contacted through drawing out from online sources markets that had farmers' market or local market in their name. An email was sent to the market managers of these markets alerting them to the research study and inviting them to participate if they thought it was relevant for their market.

### **Survey of community and industry leaders and local government interested parties**

Community and industry leaders and local government decision makers also participated in a survey. These surveys were instrumental in collecting local and industry perspectives. Unfortunately the small budget meant that there was limited scope to widely engage with community leaders or obtain significant data from the community sector.

While the survey sought to provide an opportunity for feedback related to farmers' markets from community stakeholders it is not intended to create a statistically valid picture of farmers' markets from a community perspective.

Promotion of this survey was through local government associations and state and/or national bodies for different not-for-profit organisations known to participate in farmers' markets. Feedback from some not-for-profit organisations suggested that distribution networks through email or online sources to members and contacts varied by location and group. As a result it was likely that participation in some areas would be greater than in others which may skew the results and potentially overstate particular issues as reported in the surveys.

In all, 32 people participated in the community and industry leaders and local government survey during September and October 2013. In addition to the survey responses, a further eight phone interviews were conducted with people who contacted the researcher to provide their perspective and views. This feedback has been pooled with online survey responses and reported in the report on.

## 4. Results – Key messages from previous studies

Several previous studies have considered aspects of farmers' markets in Australia. Snapshots of the key messages from three studies are noted in this Chapter. The three studies are:

- Previous RIRDC study in 2005 by Coster & Kennon *'New Generation' Farmers' Markets in Rural Communities*
- Parliament of Victoria's Outer Suburban/Interface Services and Development Committee *Inquiry into Farmers' Markets* conducted in 2010, and
- Er, D, Binks, B and Ecker, S study into *Social and economic dimensions of farmers' markets in Australia* published in the Australian Food Statistics 2010–11 by the Australian Government Department of Agriculture, Fisheries and Forestry.

These and other studies are referred to in specific relevant areas of analysis in the Discussion Chapters of this report. The key messages aim to help establish the existing knowledge that this research study has sought to build on.

### *Key Messages from previous RIRDC study by Coster and Kennon (2005)*

- Farmers' markets are largely a "win-win for all concerned." Even retailers in the area benefit from the funds being retained in the area.
- Farmers' markets complement existing businesses in a community, their market share is a small fraction of total food sales.
- Farmers' markets play a positive role showcasing local produce and have the potential to educate customers on local food systems.
- Farmers' markets provide some producers an opportunity to directly market their produce and change their business model.
- Farmers' markets provide a forum for communities interested in fresh food, its source and ideas for new products.
- Farmers' markets were demonstrated to be playing a business incubator role for some producers and other food businesses.
- Farmers' markets provide a high-return option for a small portion of farmers' produce.
- Operating a successful farmers' market requires a high level of passion imagination, perseverance and skill on the part of the market manager.

### *Parliament of Victoria Outer Suburban/ Interface Services and Development Committee) Inquiry into Farmers' Markets*

This inquiry considered mostly peri-urban farmers' markets but some findings are relevant beyond peri-urban and interface municipalities. It was submitted to the Victorian Parliament in October 2010. An extract of the Summary of Findings from this inquiry (OSISDC, 2010), states:

- Victorian farmers' markets are estimated to contribute at least \$227 million per year to the Victorian economy.

- Where possible, market operators should continue to work towards establishing weekly rather than monthly markets.
- The industry supports a range of different market ownership and operating arrangements; however, the employment of paid market managers is an important success factor.
- Start-up grants and other forms of assistance to farmers' markets are valuable and help to ensure long term sustainability.
- Farmers' markets have significant beneficial impacts for nearby local retailers and can make important contributions to local economies in peri-urban Melbourne.
- Market operators should consider adopting the membership model used by South Australian farmers' markets.
- The industry should monitor whether the price of goods presents a barrier for people on low incomes and investigate appropriate solutions.
- Farmers' markets are proving to be effective business incubators for food producers while also promoting changes in farming practices.
- Greater flexibility could be introduced into the Victorian Farmers' Market Association's accreditation criteria to allow more producers/vendors to sell at the markets.
- There appears to be a shortage of stallholders at some Victorian farmers' markets, particularly those located outside the inner city. This is likely to limit the growth of the industry in the future.
- Local governments can play a more active role in supporting farmers' markets. Equally, the Victorian Government could encourage local governments in this role by ensuring food access is included within the state planning policy framework.

*Key messages from Er et al (2011) into Social and economic dimensions of farmers markets in Australia*

This research study considered the social and economic dimensions of 72 farmers' markets mainly from the market managers' perspective. The key points from the study are:

- 97 per cent of farmers' market managers reported long-term sustainability of their markets.
- There are more farmers' markets being held more often and in more locations than in 2004. The key driver for this growth was attributed to growing consumer interest. 64 per cent of market managers reported that customer numbers had increased since the farmers' market first opened.
- Farmers' markets provide a retail option for consumers to purchase locally produced foods. This interest in the "farmers' market" brand was reported to depend on consumers' trust in products sold at the markets.
- Producers that participate in farmers' markets were reported to receive a variety of potential benefits including higher financial returns, an alternative retail supply channel, increased skills and capacity, as well as enabling testing of new products.
- 69 per cent of all markets surveyed reported increased stallholder numbers since the market first opened.
- 75 per cent of farmers' markets have a self-regulated policy about sourcing food from the local area. 75 per cent had a producer only policy and 43 per cent indicated that their farmers' market

was a “food only” market. There was no agreement within the industry sector of what constituted an authentic farmers’ market.

- Volunteers play an important role in the farmers’ market sector with 67 per cent of the markets being managed by a not-for-profit organisation.
- Positive community impacts of farmers’ markets was reported with possible social benefits including providing consumer access to fresh food; enabling consumer support for local producers; providing a social atmosphere for the community; and encouraging interaction between consumers and producers.

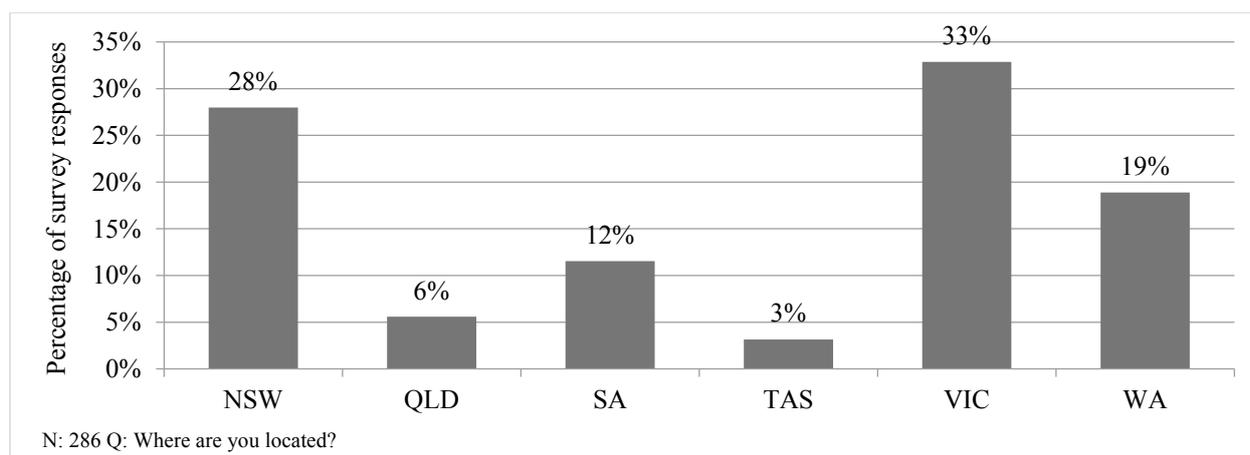
## 5. Results – Farmer and food business stallholder survey

This chapter provides a summary of the results from the farmer and food business stallholder survey. The online survey obtained responses from 286 respondents. The summarised results from this survey are as follows:

- 61 per cent of people grew or raised the produce that they sold at the farmers' market themselves
- 34 per cent of people made the food products themselves (17 per cent made their products from ingredients from their farm or from farms within their state or territory and 18 per cent made their products from ingredients sourced within or outside their state or territory)
- 3 per cent of people sourced produce from farms nearby to their own, and
- 2 per cent of people who resell produce purchased the food from a retailer or market or sourced from a farm outside their state or territory.

There was a reasonable national distribution of survey participants, presented in Figure 4.

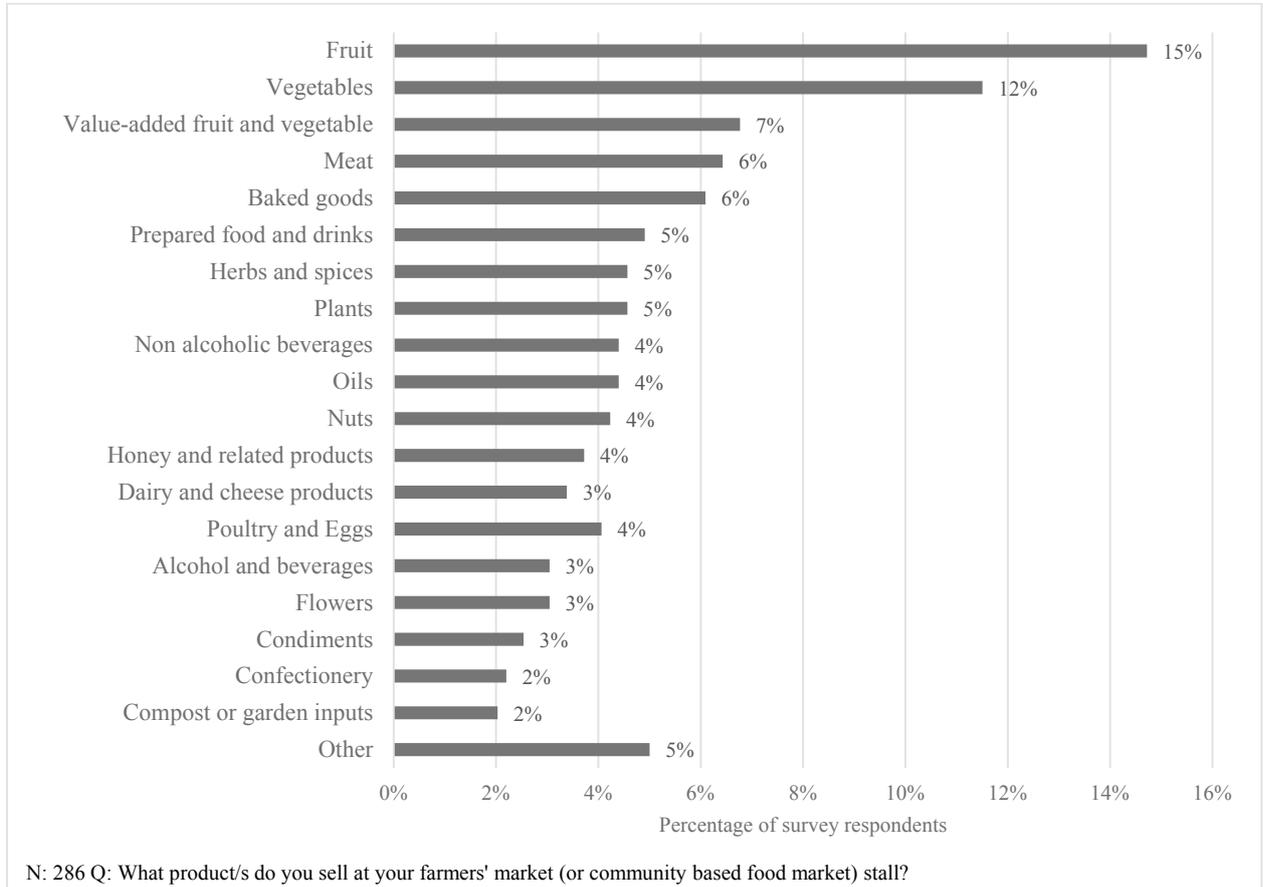
**Figure 4 Farmer and Food Business Stallholder survey respondents by state and territory**



## Type of produce and products sold

Stallholders sold a wide range of products at farmers' markets with approximately a third of all products being fruit and vegetables (including value added fruits and vegetables) (Figure 5).

**Figure 5 Products sold at farmers' markets by survey respondents**

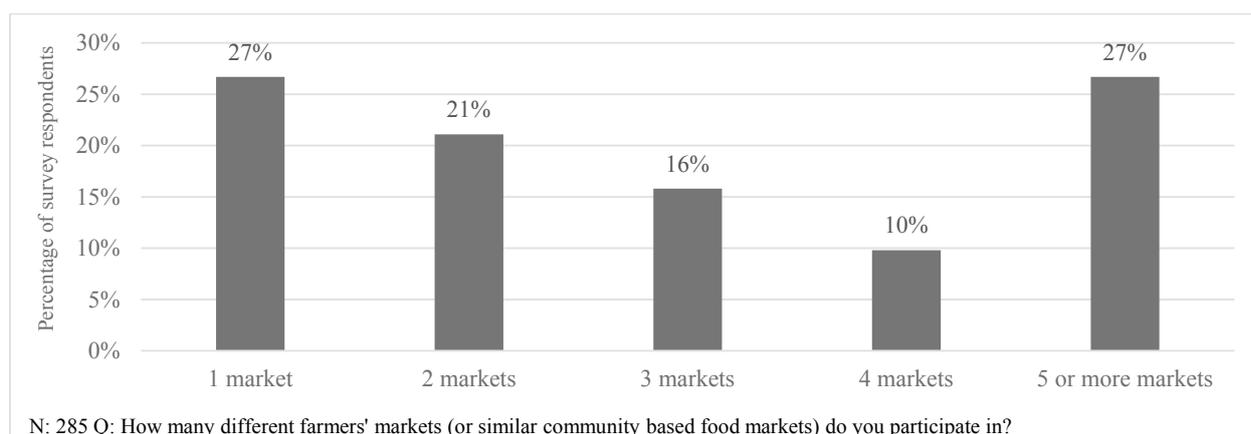


Note: The 'other' category includes mushrooms, pulses and grains, seafood and non-food products such as textiles and beauty products.

## Participation in farmers' markets

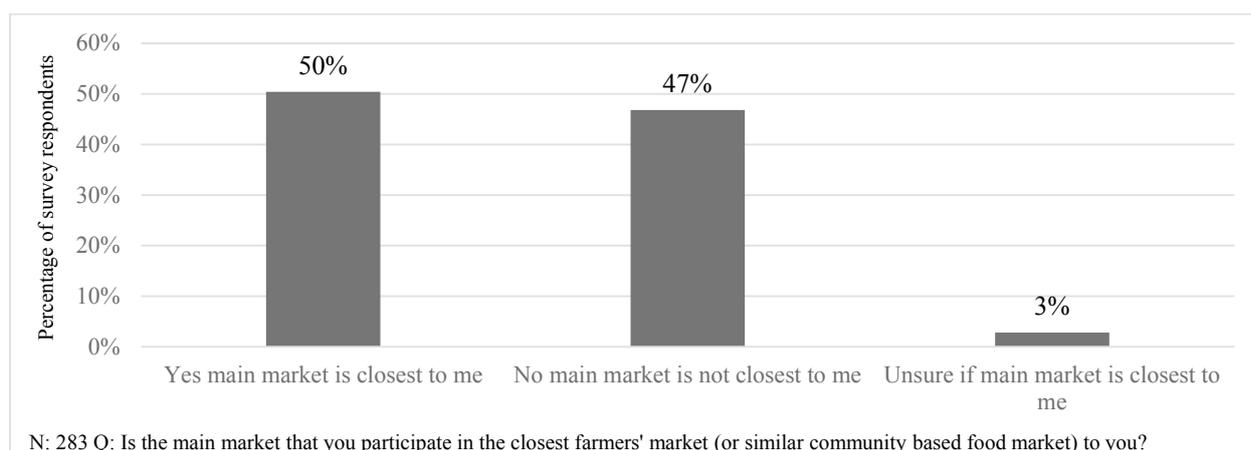
Nearly three quarters (73 per cent) of farmers and food business stallholders' surveyed participated in more than one farmers' market, with just over a third (27 per cent) participating in five or more farmers' markets (Figure 6).

**Figure 6 The number of farmers’ markets farmers and food business stallholders participate in**



When asked if their “main” farmers’ market was the closest farmers’ market in relation to their business, 50 per cent responded that it was (Figure 7). Nearly 20 per cent of respondents who reported that their “main” market was not the closest, stated it was because they gained more income from a farmers’ market further away and therefore considered that farmers’ market to be their “main” one.

**Figure 7 Farmers and food business stallholders’ where main farmers’ market is closest to their business**



The survey revealed a range of reasons for why a stallholder might supply to a market that is not their closest market (Box 1 provides examples of comments provided by survey participants), these included:

- income opportunities of other markets (particularly referencing city markets providing greater size and customer benefits)
- the compatibility of the market (and other suppliers) with the ‘brand’ they wish to create for their product, and
- loyalty to an existing market, reflecting the value of regular customer patronage, respect and value of the market’s management as well as the established relationships with other stallholders.

### **Box 1 Example of comments from farmers and food business stallholders about reasons for not participating in their closest market**

#### **Greater income opportunities from other farmers' markets**

“The market is not big enough for a sustainable income. People in this area are not really fussed on whether their food is organic or not, whereas people in bigger towns are more aware.”

“The demographic of the closer markets do not suit my product and there is more competition from similar businesses that have been in the area for a much longer period than my business.”

“We have tried a few local farmers' markets but they do not bring in the income we need to live from, as we rely only on markets to sell our produce.”

“The markets in Perth are more established and have a larger customer base making attendance financially viable. Smaller, closer markets are not organised or marketed well and hence attract less people making it economically unsustainable to attend.”

“At the closest farmers' market, average sales are about \$200, next closest \$450, then the main market averages \$1200.”

“Local regional farmers' markets have proven unprofitable and costly for us. Due to comparatively low customer attendance and unreliable buying habits of locals and tourists we can't afford to do regional markets alone.”

#### **The compatibility of the market (and other suppliers) with the 'brand' they wish to create for their product**

“Many closer markets use the name “farmers' market” but are mainly on-sellers and shonky traders.”

“Many local farmers' markets are not genuine. It's easy to go to Flemington buy left over produce and sell below cost of production for a profit.”

“We pick the best markets for our products.”

“We undertook research on the markets in our area and assessed which would suit our needs the best. We considered types of customers, other stallholders and the quality of market management.”

“We considered the demographic area and the likely type and number of customers for two markets in our area. We went to both markets as customers and considered the atmosphere, the type of service the stallholders provided and other similar products. We are happy with the market we chose to participate in.”

### **Distance travelled to participate in farmers' markets**

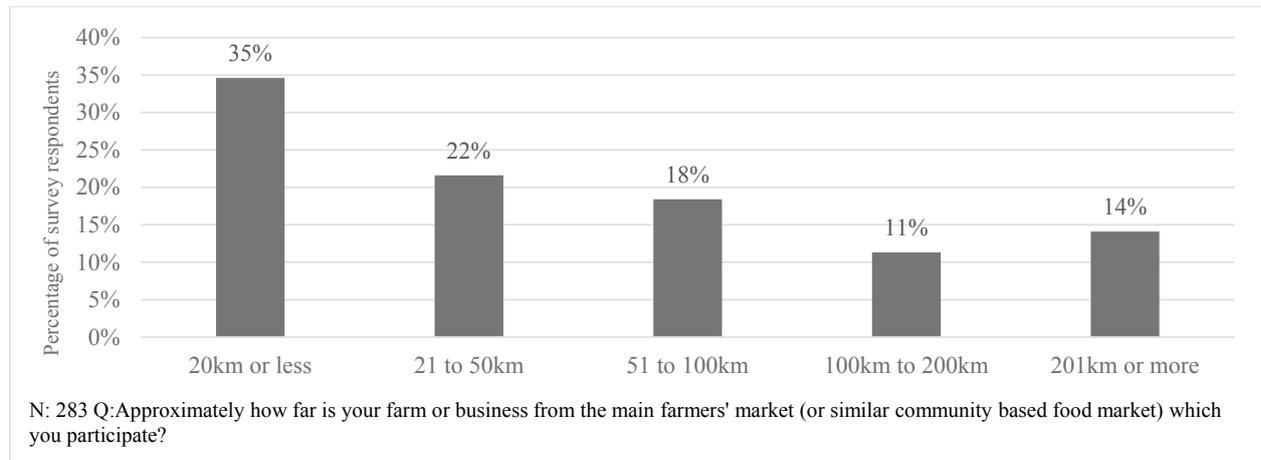
Over half (57 per cent) of the farmers and food business stallholders travelled 50 kilometres or less to participate in their main farmers' market (Figure 8) with 14 per cent travelling greater than 200 kilometres.

Of those who travelled greater than 200 kilometres, 50 per cent travelled this distance weekly and just over 30 per cent travel monthly to participate in the farmers' market.

It was examined to see if the stallholders that travelled greater distances to participate in farmers' markets were predominantly located in the larger and more dispersed states such as Western Australia. However, survey responses showed that nearly half were Victorian stallholders, with New South Wales, Western Australia and Queensland accounting for the rest.

Comments from stallholders that travelled greater distances identified that they chose to travel to capital cities as the smaller farmers' market in regions did not provide enough financial return for their circumstances.

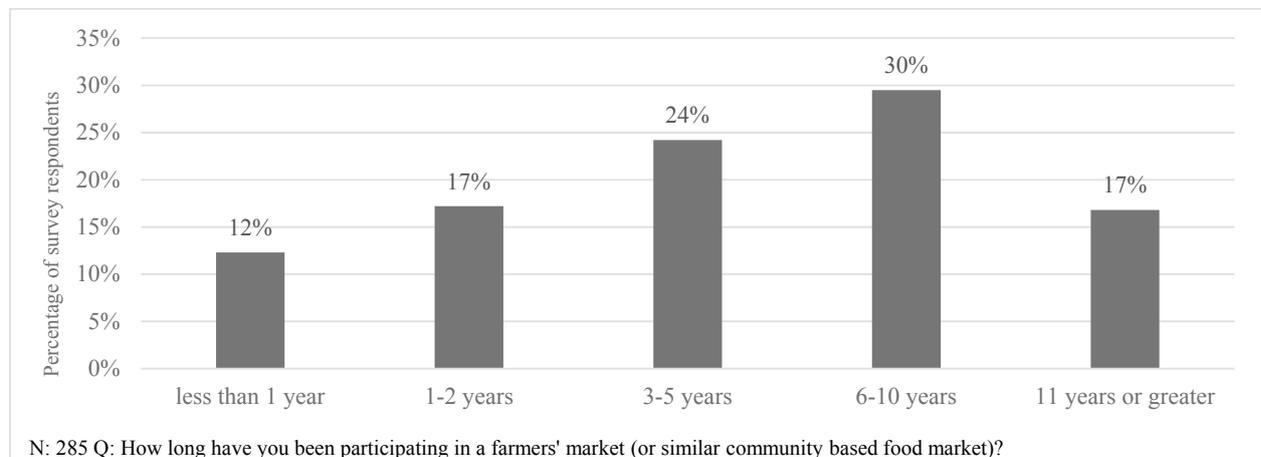
**Figure 8 Distance stallholders' travel to participate in their main farmers' market**



### Participation duration in farmers' markets

Nearly half of the stallholder respondents had been participating in farmers' markets for more than 6 years (30 per cent 6-10 years and 17 per cent 11 years or greater) with 12 per cent having participated for less than a year (Figure 9).

**Figure 9 Length of time farmer and food business stallholders had participated in farmers' markets**

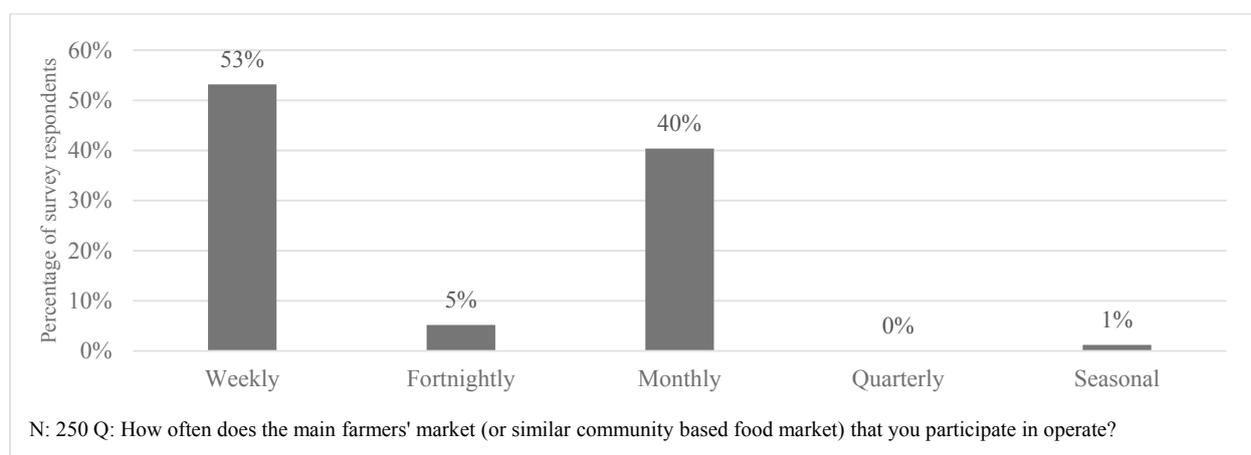


### Frequency of farmers' market participation

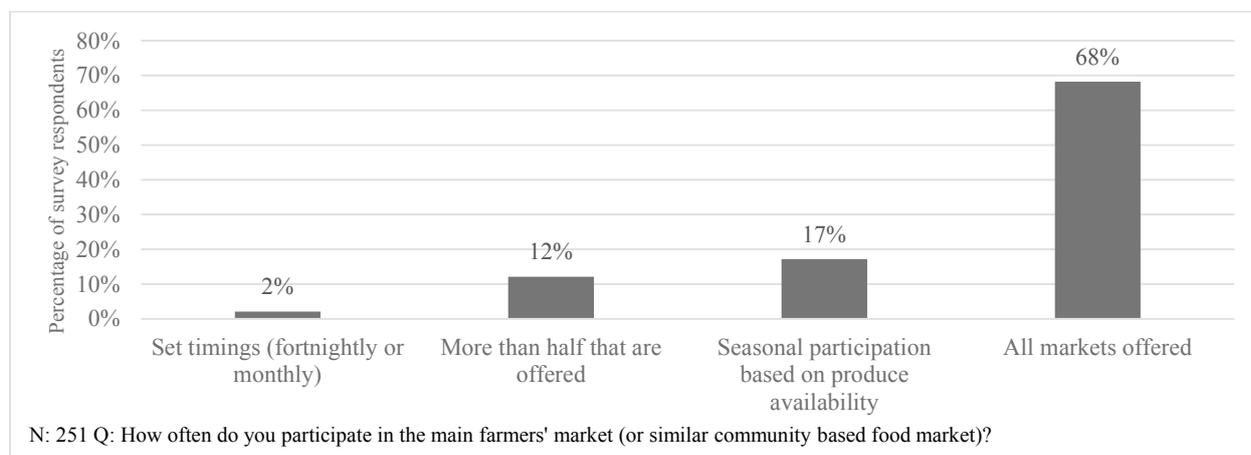
The main farmers' markets that the stallholder respondents participated in tended to occur weekly or monthly (Figure 10). 53 per cent reported that their market occurred weekly and 40 per cent reported that it occurred monthly.

Of the farmers' market that were offered or available for the stallholder, 68 per cent of the stallholder respondents participated in all these farmers' market. 17 per cent reported that they participated seasonally, based on timing of their produce availability, and 12 per cent participated in half the farmers' market offered (Figure 11).

**Figure 10 Frequency of the farmers' markets participated in by farmers and food business stallholders**



**Figure 11 Farmers and food business stallholder participation in their main farmers' market**



There was reasonable interest reported by stallholders in participating more frequently in existing farmers' market or other farmers' market (Figure 12). However, comments regarding participating more frequently in their main farmers' market or other farmers' markets indicated that there were other factors beyond market operating availability that could limit greater participation:

- Availability of time – they would like to participate more but they are already time poor and personal circumstances such as fulfilling 'other' job commitments, or the need to farm or to actually make the products, limits further participation. For example, one stallholder responded:

“I am time poor already - I love what the farmers' market brings me but I have to balance that against the fact I am principally a farmer who as an add-on does direct marketing. It's all about balance.”

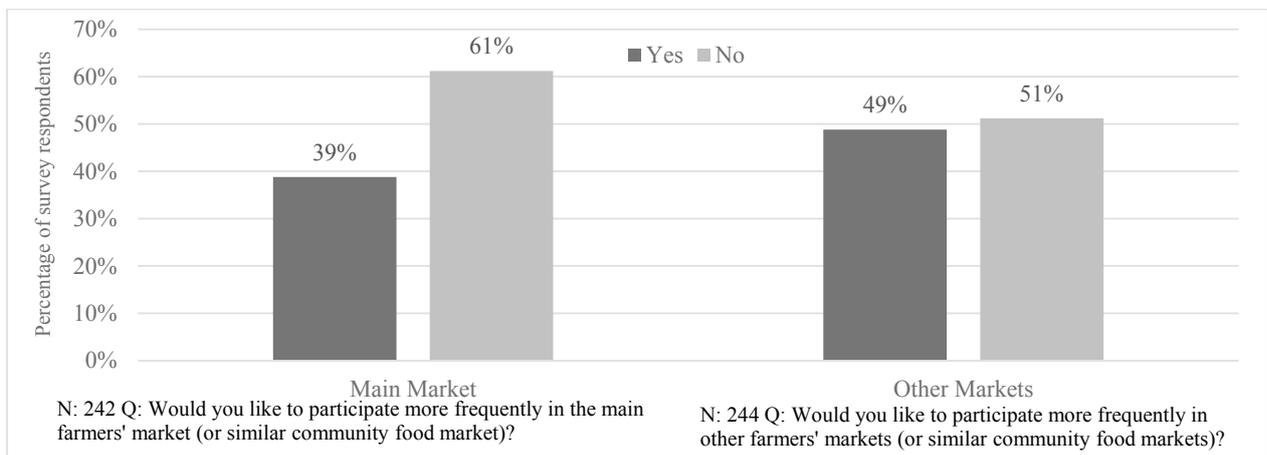
- Product availability – many would not have enough product to service additional farmers' markets. This is either due to the scale of their operation and/or the maturity of their production or processing systems. For example, two stallholders commented:

“This is difficult, with a lack of supply at certain times.”

“Even if we wanted to participate in other markets at the current time we are unable to grow enough produce to supply another market.”

- Only if accredited and well managed – they would consider dropping unaccredited markets if new opportunities in accredited farmers’ markets were created.
- Limitations on availability in other farmers’ market – several stallholders suggested that they could not obtain a place at other farmers’ market due to the market already having enough stallholders with the same or similar product or they did not meet the market’s criteria.
- Redistribute their participation rather than add to market participation – there was interest in participating more frequently in their main market but it would be expected that this would require dropping out of a less profitable market. More frequent participation that was suggested were mid-week farmers’ market to create new opportunities.
- Growth or additional market participation is limited by the farmers’ market rule about ‘farmer or maker to be at stall’ – several farmers and food business stallholders commented that they could service other farmers’ market but as they, their partner and/or family members were already operating stalls it would require employing outside staff to operate the market operations and many commented that this would be against their farmers’ market rules.

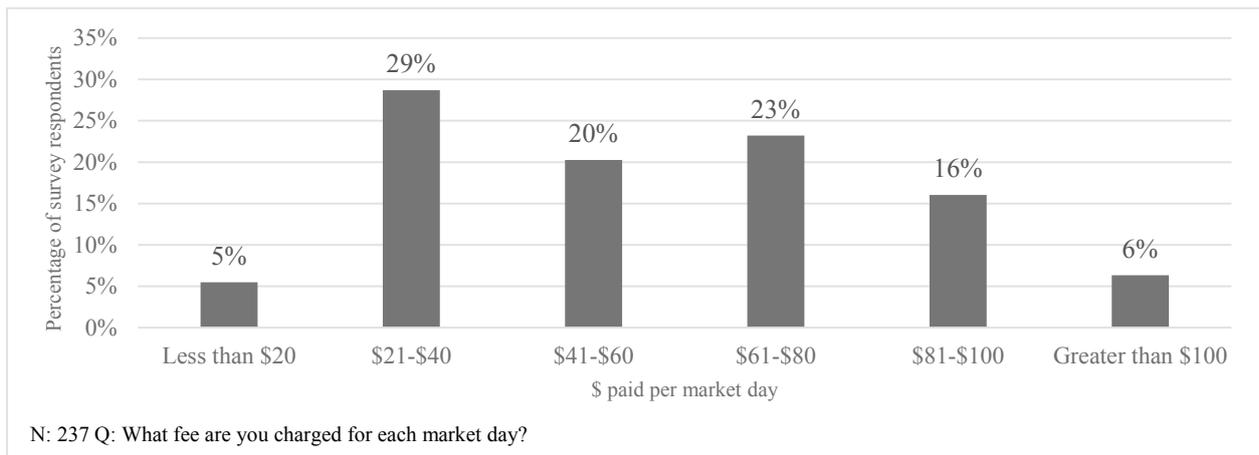
**Figure 12 Farmers and food business stallholders’ interest in participating more frequently in farmers’ markets**



### Fees paid by stallholders

Stallholders paid an average market day fee of \$61. The reported minimum fee paid was \$3 per day and the maximum fee reported was \$594 (Figure 13). Several comments were made in relation to fees as part of other survey questions. Many stallholders reported uncertainty about what their fees covered and called for greater transparency in this area.

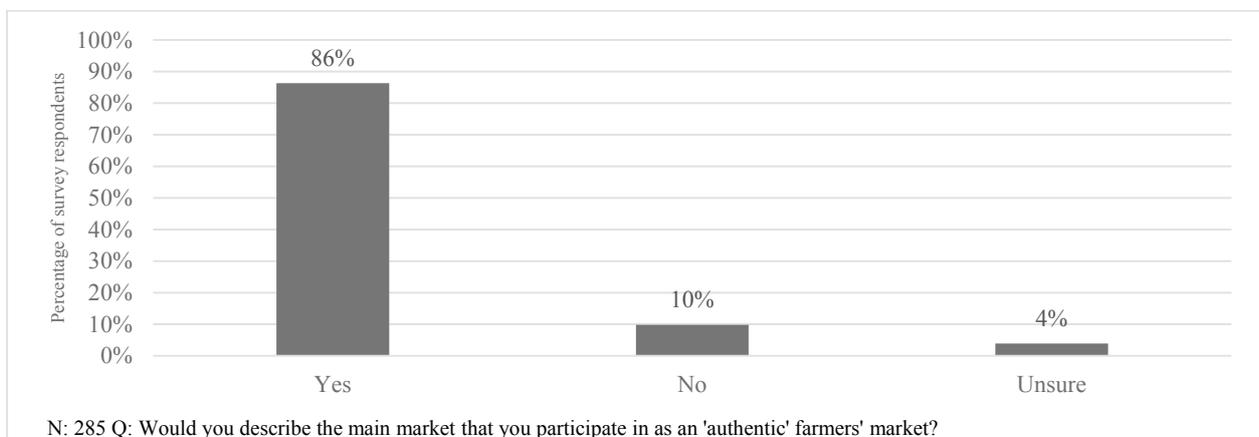
**Figure 13 Stallholder fees per market day**



### Authenticity from a stallholder perspective

86 per cent of stallholder respondents reported that their market was an authentic farmers’ market (Figure 14). Of those who chose to provide comments in relation to this question, nearly 50 per cent reported that they would only participate in accredited farmers’ market. Those who provided comments that their market/s were not authentic, or were unsure if their main market was authentic, stated that there were a significant number of stallholders who were resellers and a significant number of stallholders were not ‘local’. By ‘local’ the research study meant stallholders’ business were from a defined geographic area.

**Figure 14 Stallholders’ view on whether their main market was an ‘authentic’ farmers’ market**



A sample of comments is listed to illustrate the key messages provided by stallholders in regard to whether their market was authentic and their views about authenticity:

“The actual produce sold direct from farms I would say is not as high as it could be, but as we are in a city area I suppose it is to be expected. Stalls are not always truthful about the source of their goods though which I find frustrating and misleading.”

“The government needs to legislate to protect authentic farmers’ markets.”

“Our market used to be authentic, but with poor management too many stallholders are just purchasing products from wholesalers and passing it off as their own with an unjustly inflated price.”

“In part yes [it is authentic] but not completely. I think it’s clear which products are their own and which are not. Also some products are from a combination of suppliers such as my coffee and hot beverages.”

“It is VFMA accredited which is very important to us.”

“Our market has a well-established reputation for locally grown farmers produce.”

“Not all stallholders are farmers but they value add and produce food related items.”

“Largely [authentic] but there are retailers which you wonder about!”

### Person responsible for stall

78 per cent of survey respondents reported that the person who produced, grew or made the product was the person responsible for the stall at the farmers’ market (Figure 15).

**Figure 15 Person responsible for the farmers' market stall**

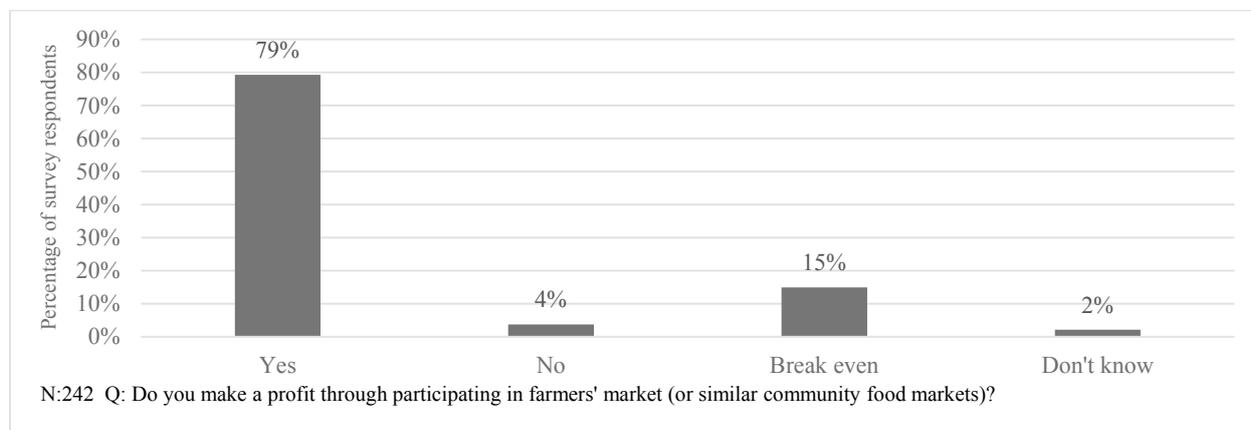


6 of the 25 responses received, reported that rules around stallholders having to be the person selling the produce on market day created limitations for their business to grow. Some suggested that they should be able to train an employee to sell their produce on market days.

## Profitability

Nearly 80 per cent of farmers and food business stallholders identified that they made a profit through their participation in farmers' markets (Figure 16).

**Figure 16 Farmers and food business stallholders' view on whether they made a profit through their participation in farmers' markets**



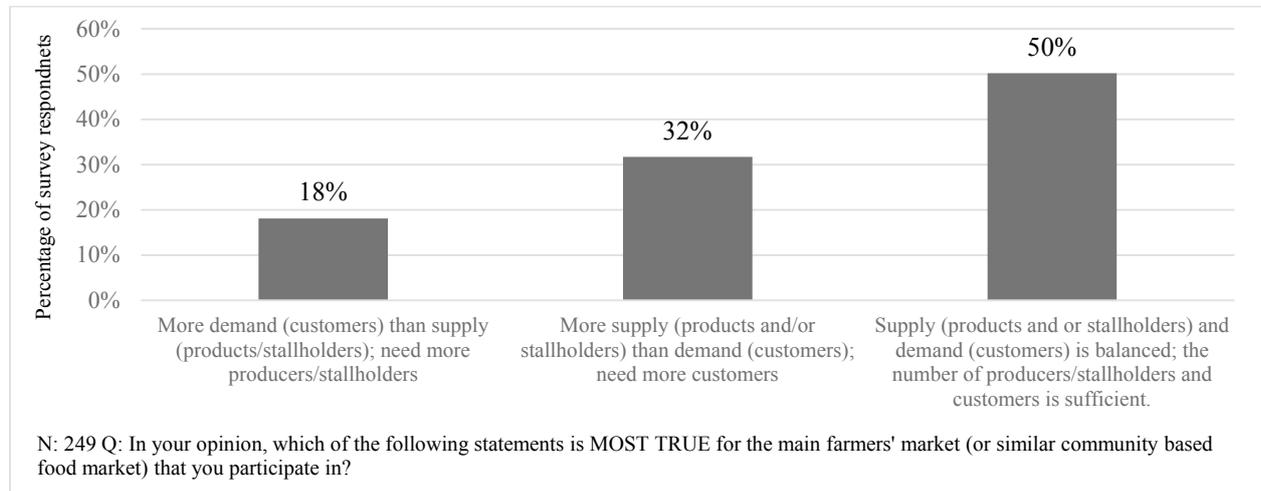
13 per cent of respondents provided a comment to clarify their answer as to whether they made a profit at farmers' markets. The responses were thematically grouped as follows:

- Different return for local versus metro farmers' market. For example, several noted that in local farmers' markets they did not make a profit but in metro farmers' markets they did.
- The amount of time required to set up and operate their farmers' market stall was high. Some noted that they did not include their time in their response and if they did they would break even or not make a profit.
- One third said they were struggling to make a profit and it was difficult to make a profit or break even.
- Receiving full retail dollar for their products – several stallholders commented that they believed they were confident that they received the full retail dollar for the products that they sold instead of others taking their cut.
- Profit not being their main goal – improving their branding, feedback from customers and/ or obtaining contacts for flow on sales was more important than profit alone.
- Seasonal value from farmers' markets – at certain times of the year (particularly spring and summer) the returns are better from their farmers' market participation.

## Supply and demand balance at farmers' markets

50 per cent of survey respondents identified that their market supply and demand balance was equal, whilst 32 per cent reported that there was more supply than demand and 18 per cent identified that there was more demand than supply (Figure 17. )

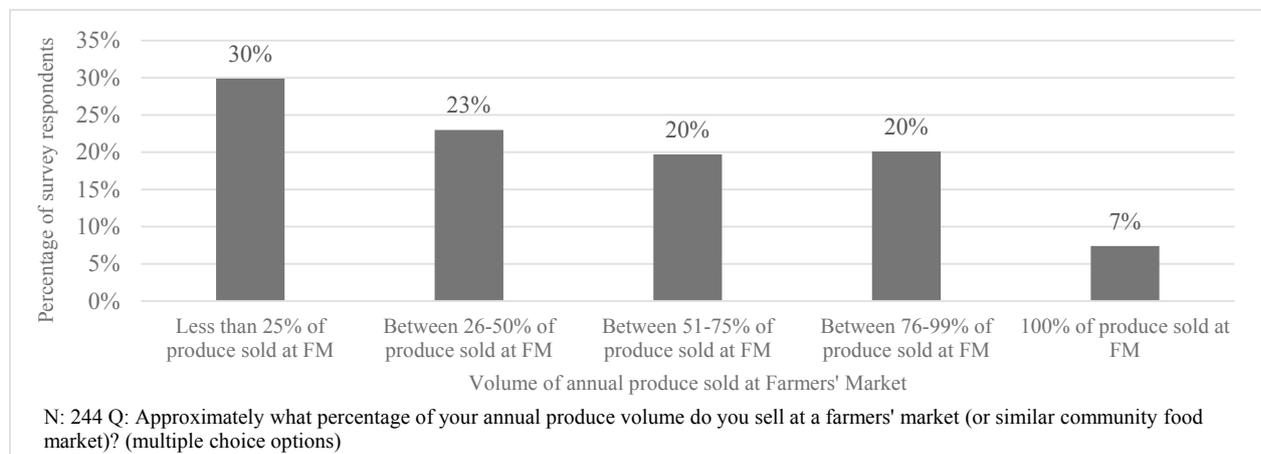
**Figure 17 Stallholders' perspective on demand and supply balance at their farmers' market**



## Volume of produce sold through farmers' markets

Only 7 per cent of stallholders sold their entire produce volume through farmers' markets (Figure 18). Nearly a third (30 per cent) sold less than 25 per cent of their produce volume through farmers' markets.

**Figure 18 Stallholders estimated volume of produce sold through farmers' markets**



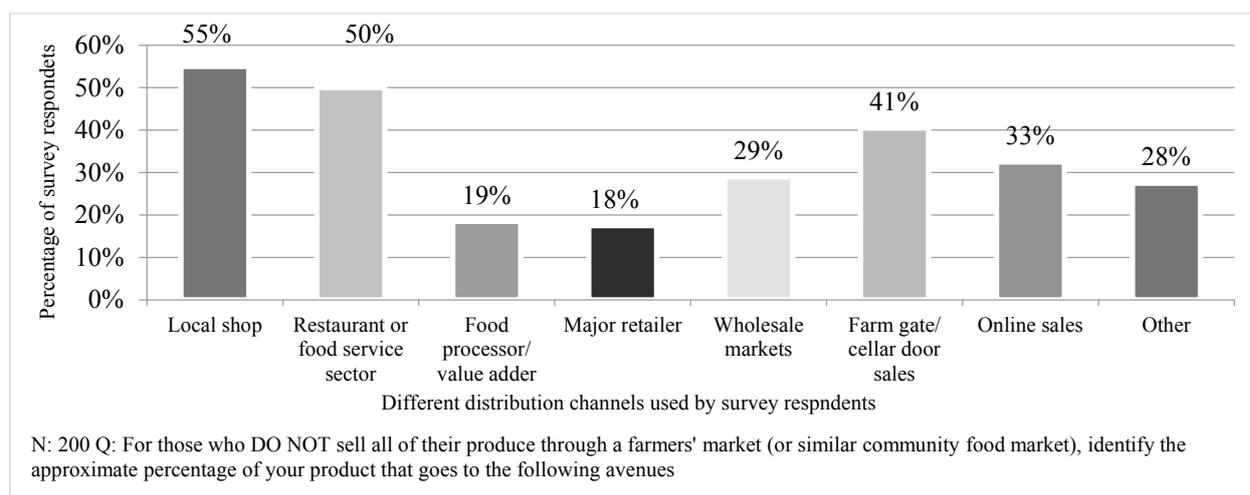
For those stallholders that used other markets:

- 35 per cent used only one other distribution option
- 26 per cent used two other distribution options
- 18 per cent used three other distribution options
- 12 per cent used four other distribution options, and
- 8 per cent used five or more other distribution options.

## Other distribution options utilised

Local shops were nominated by 55 per cent of stallholders who used more than one distribution channel, followed by restaurants or food service sector nominated by 50 per cent of stallholders. Farm gate/ cellar door sales were reported as distribution channels for 41 per cent of stallholders and online sales nominated by 33 per cent of stallholders. Wholesale markets were used by 29 per cent, major retailers by 18 per cent, food processors/ value adders by 19 per cent of stallholders. These figures are illustrated in Figure 19.

**Figure 19 Other distribution channels used by Farmers and Food business stallholders**



It is important to note that where wholesalers were nominated as a supply option the average volume of 26 per cent was slightly higher than for other options (see Table 2).

**Table 2 Usage of other distribution channels used by stallholders participating in farmers' markets**

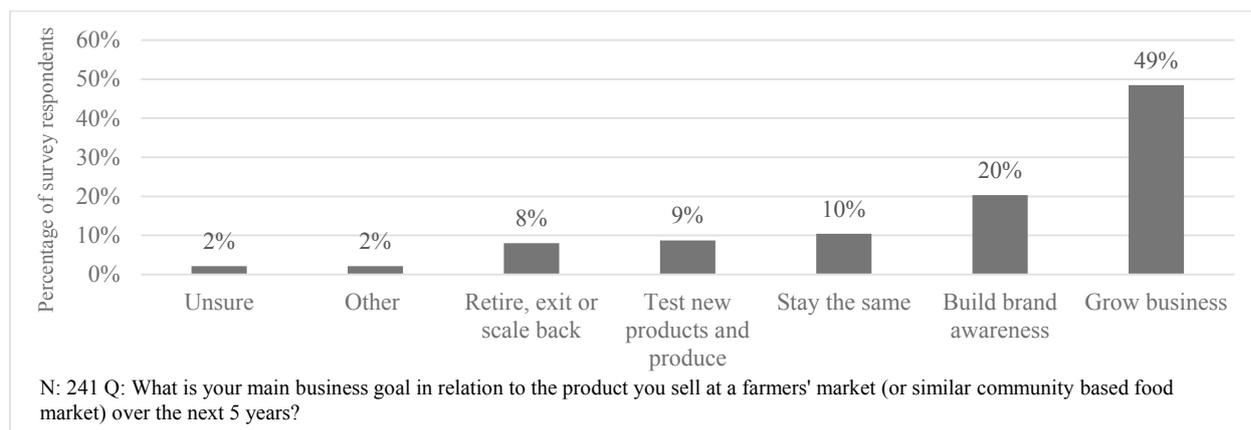
|  | Percentage of respondents using channel | Volume of produce reported by survey respondents to distribution channel |         |            |        |
|--|---|--|---------|------------|--------|
|  |   | Minimum  | Maximum | Average    | Median |
| <b>Wholesale</b>                         | 29%                                     | 2%   | 90%     | <b>26%</b> | 20%    |
| <b>Food Processor</b>                    | 19%                                     | 1%   | 95%     | <b>23%</b> | 18%    |
| <b>Local Shop</b>                        | 55%                                     | 1%   | 75%     | <b>20%</b> | 10%    |
| <b>Major Retailer</b>                    | 18%                                     | 5%   | 90%     | <b>19%</b> | 25%    |
| <b>Restaurant or food service sector</b> | 50%                                     | 1%   | 85%     | <b>19%</b> | 15%    |
| <b>Farm gate or cellar door</b>          | 41%                                     | 1%   | 80%     | <b>15%</b> | 10%    |
| <b>Online</b>                            | 33%                                     | 1%   | 60%     | <b>10%</b> | 10%    |

N: 200 Q: For those who do not sell all of their produce through a farmers' market (or similar community food market), identify the approximate percentage of your product that goes to the following avenues local shop, restaurant or food service sector, food processor/value adder, major retailer, wholesale markets, farm gate/ cellar door, online and other.

## Business Goals

Half of the farmer and food businesses identified that growing their business was their main business goal over the next five years. In addition, nearly 30 per cent of farmer and food business respondents' main goals related to building their branding and product base. Others wanted to build brand awareness (20 per cent) and test new products and produce (9 per cent). Only 10 per cent of farmers and food business stallholders sought to stay the same as they were now while 8 per cent were seeking to retire, exit or scale back their business over the next five years. This distribution is illustrated in Figure 20.

**Figure 20 Farmer and Food business stallholders main business goals for the next five years**



The farmer and business stallholder survey demonstrated that 64 per cent reported that they had made changes to their produce, management approach, presentation and or branding as a result of participation in the farmers' market<sup>1</sup>.

Of those who reported the farmers' market had influenced their produce, management approach, presentation and or branding:

- 81 per cent reported changes to their product which included expanding their product range, changing varieties or aspects of their production process, or discontinued products as a result of customer feedback.
- 53 per cent reported changes to their management approach such as improving efficiencies, becoming more professional, learning from other stallholders and identifying ways to produce consistent products year round.
- 70 per cent reported changes to presentation and branding of their product and stalls. Changes included getting professional help to develop brands, logos and packaging materials and changing the size and style of packaging to suit customer requirements.

Examples of comments provided on types of changes made to their operations are presented in Box 2. Examples of comments provided by farmers and food business survey participants related to improving their operations.

<sup>1</sup> N:240 Q: As a result of your participation at farmers' markets (or similar community based food markets), have you changed any aspect of your product, management approach, or presentation and/or branding? (e.g. changed the way you grow something, how you package it etc)

**Box 2 Examples of comments provided by farmers and food business survey participants related to improving their operations**

|  |  |
|--|--|
| <p><b>Examples of comments related to changing products</b></p>                  | <p>“Discontinued a product due to lack of interest.”</p> <p>“Expanded from about 3 fruits to growing half a dozen different fruits also expanded into growing vegetables.”</p> <p>“Range has changed and grown.”</p> <p>“Produced a wider variety of product - out of season.”</p> <p>“Changed the size of products to suit customers’ preferences.”</p> <p>“Adapted our finishing regime due to customer feedback.”</p> <p>“Developed more variety and listened to what the customer wants and worked hard to supply.”</p> <p>“Growing a wider range of speciality vegetables and herbs.”</p> <p>“Product range has been altered as we test variations in the 'retail' confines of the markets.”</p> <p>“More simple and easy to understand labels.”</p> <p>“Increased use of degradable packaging.”</p> <p>“Modified by listening to the customer.”</p> <p>“Sticking to better varieties that customers prefer, less produce.”</p>   |
| <p><b>Examples of comments related to changes to management approach</b></p>     | <p>“Changed from conventional farming practices to a certified organic farm”</p> <p>“Processes are tighter and more organized”</p> <p>“More 'hard headed' with pricing”</p> <p>“Increased my differentiation from other suppliers.”</p> <p>“Ensuring that we can produce what we need for our products for 12 months.”</p> <p>“Planned our property to extend harvest season and cater to selling at regular weekly markets by growing small quantities of many different varieties that ripen over a long period.”</p> <p>“Improved record keeping to take correct amount of stock to market.”</p> <p>“Have learnt to become open and transparent.”</p> <p>“Better planning to create more consistency.”</p> <p>“Introduced a point of sale system to speed up transactions.”</p> <p>“Adjusted signage to suit clients’ world views.”</p>   |
| <p><b>Examples of comments related to changing presentation and branding</b></p> | <p>“Different products, packaging and sizing.”</p> <p>“Improved point of sale presentation.”</p> <p>“Professionally designed logo and labels. Display upgrade due to competition.”</p> <p>“Individual wrapping, not sealed.”</p> <p>“Using customer feedback to improve presentation and product lines”</p> <p>“Certain words discovered to confuse Australian audience. Modify branding and verbiage for local habits and tastes.”</p> <p>“Changed coloured bottles to clear bottles so that customers can see the colour and quality of the oil as compared with retail brands.”</p> <p>“Changed our packaging and presentation to represent our sustainability principles.”</p> <p>“Engaged a professional graphic designer to redesign our logo/label to better sit within the context of a home grown product - moved away from generic industry standard label style.”</p> <p>“Established a brand name and just starting to move into online sales”</p> <p>“Increased our Facebook and web presence”</p> <p>“Produce is not graded by size - customers select the size they want”</p> <p>“Label change, learnt about product placement”</p> |

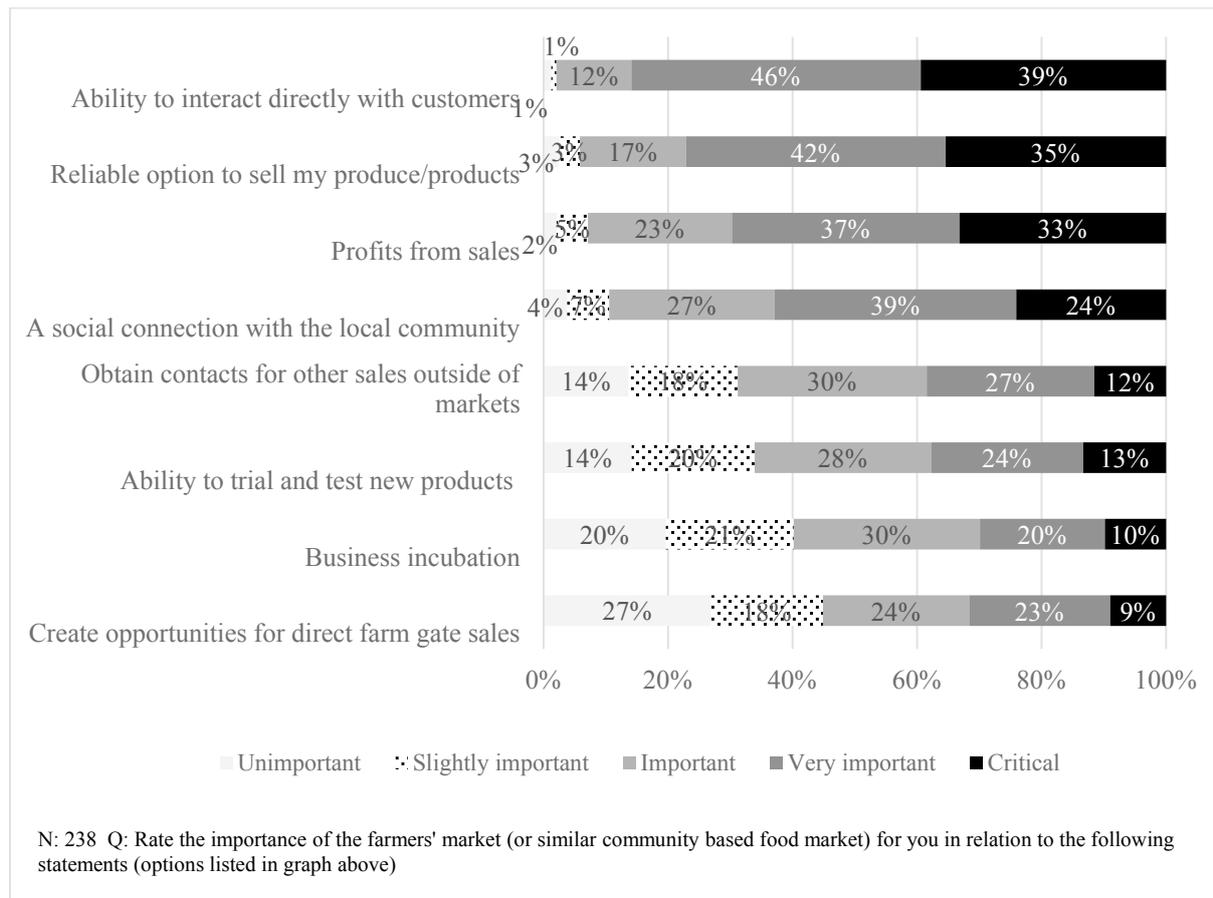
Other comments on improving aspects of their stall or their participation in farmers’ markets suggests that the farmers’ market have been a useful environment for developing their stallholder skills and

exposing stallholders to different marketing aspects of the retail sales. This was reported consistently to have improved aspects of their business both at the farmers’ market and outside, particularly in relation to being more responsive to consumer feedback and needs.

### Importance of farmers’ market for stallholders

Stallholders rated farmers’ markets’ ability to interact directly with customers as the greatest benefit. This was followed closely by having a reliable option to sell stallholder produce and thirdly the profits stallholders gained from sales (Figure 21).

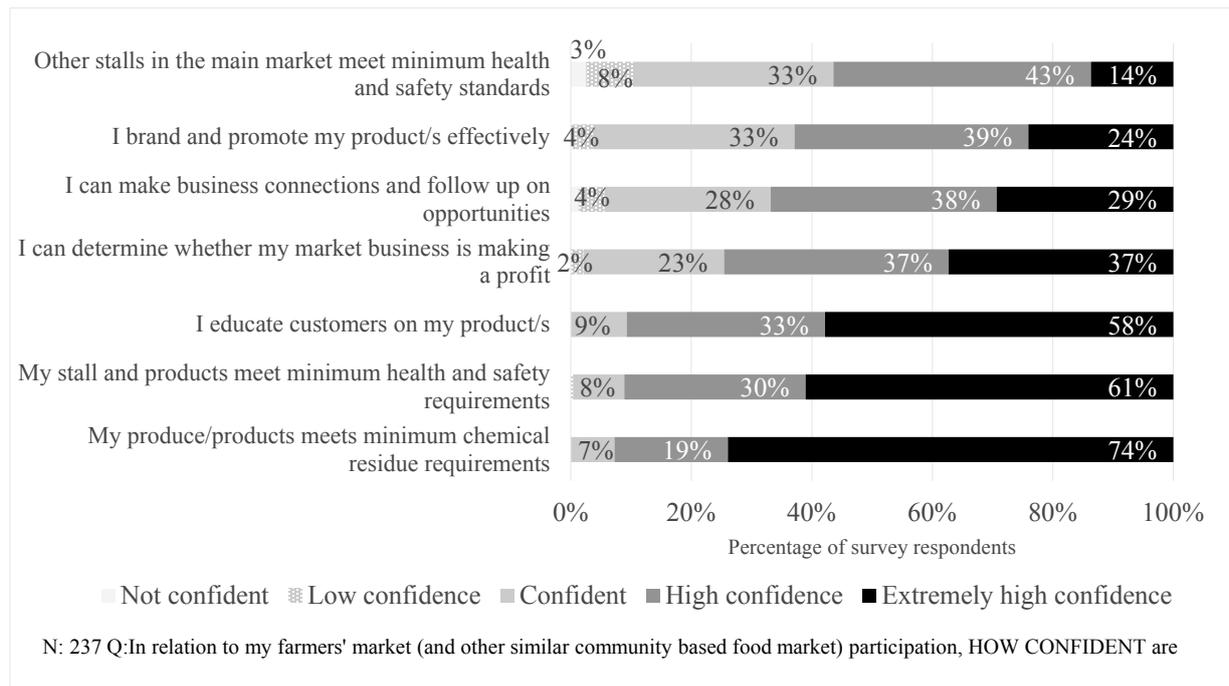
**Figure 21 Stallholders rating importance of farmers’ markets for a range of areas**



### Confidence of stallholders

Stallholders reported high confidence for their products meeting minimum chemical residue standards (71 per cent) and meeting minimum health and safety standards (61 percent). There was also high confidence reported by stallholders in educating customers about their products. All the results of the confidence level of stallholders can be found in Figure 22.

**Figure 22 Confidence of stallholders in aspects of their farmers' market business**



### Risks and Areas for improvement

Farmers and food business stallholders were asked to rate how often a range of possible risks had impacted their farmers' market business over the past 12 months. The top five rated risks from 1 to 5, the highest risk being 5<sup>2</sup> were:

- Poor weather on market day (average rating 2.86)
- Lack of customers on market day (average rating 2.66)
- Competition from other farmers' market (average rating 2.30)
- Stallholders who sell produce purchased elsewhere and not grown or value added themselves (average rating 2.26), and
- Lack of diverse produce available for customers at the market (average rating 2.18).

<sup>2</sup> Ratings were out of 5 (1 never, 2 almost never, 3 occasionally/sometimes, 4 almost every time and 5 every time)

Farmers and food business stallholders were invited to provide feedback on areas they thought farmers' markets could improve on, or do more of. The top six areas where farmers and food business stallholders would like to see improvements are:

1. Increase and improve the promotion of farmers' market to the public – stallholders were seeking more promotion to the public to generate more customers and interest in farmers' markets.
2. Improved authenticity of farmers' market (through a range of tactics including accreditation and active market management).
3. Better manage product diversity at the farmers' market – help the farmers' market become more profitable or suitable for stallholders and to help attract customers.
4. Improve location/ venues including making locations more accessible for customers, improving parking, developing all weather venues and under cover facilities, improving storage access and better considering the layout of stalls.
5. Increase awareness and education activities that can help consumers and the general public be more aware of the benefits of fresh food and the value of the services that farmers' markets can provide.
6. Improve professional market management and support for stallholders.

Other themes that emerged:

- The need to encourage more local farmers and food business stallholders to participate.
- Improve signage, labelling and branding of the farmers' market (individual markets and farmers' markets as a group).
- Encourage more communication and networking between market managers and stallholders and between the stallholders themselves.
- Reduce stallholder fees and improve the transparency of what they are used for.
- Encourage greater community involvement and support.

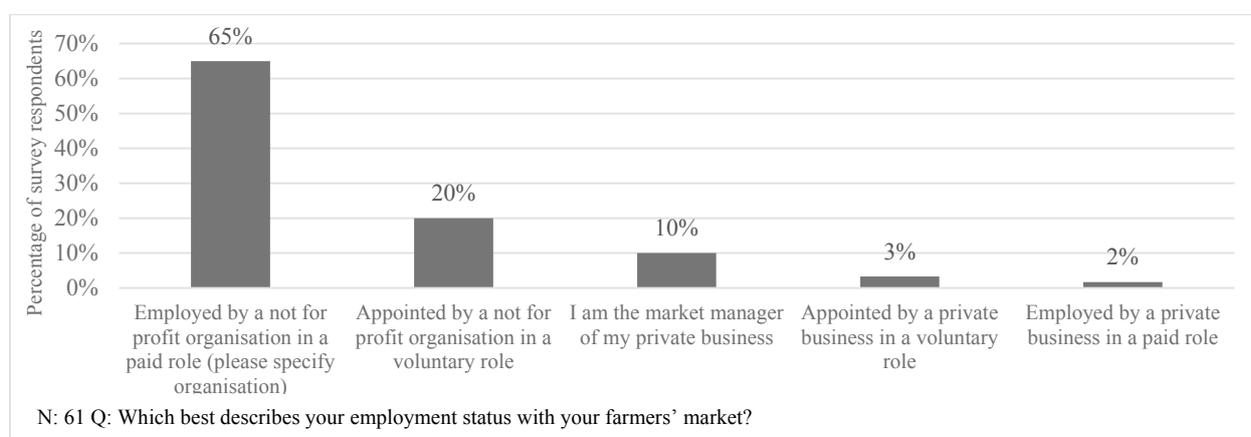
## 6. Results – Market manager survey

This section provides feedback from farmers’ market managers and complements ABARES’ previous 2011 research.

### Type of employment of market managers

Of those market manager respondents, 65 per cent were employed by a not-for-profit organisation in a paid role and a further 20 per cent managed the market for a not-for-profit organisation in a voluntary role (Figure 23). 15 per cent of respondents were part of privately owned and run businesses, 10 per cent of which were the manager of the private business, 3 per cent were appointed in a voluntary role as part of a private business and 2 per cent had a paid role within a private business.

**Figure 23 Employment type for market managers**



### Geographic location of farmers’ market

Market managers managed farmers’ markets in all states and the ACT. One third of respondents were from Victoria and 30 per cent from New South Wales. Geographic distribution of farmers’ markets managed by survey respondents is presented in Figure 24.

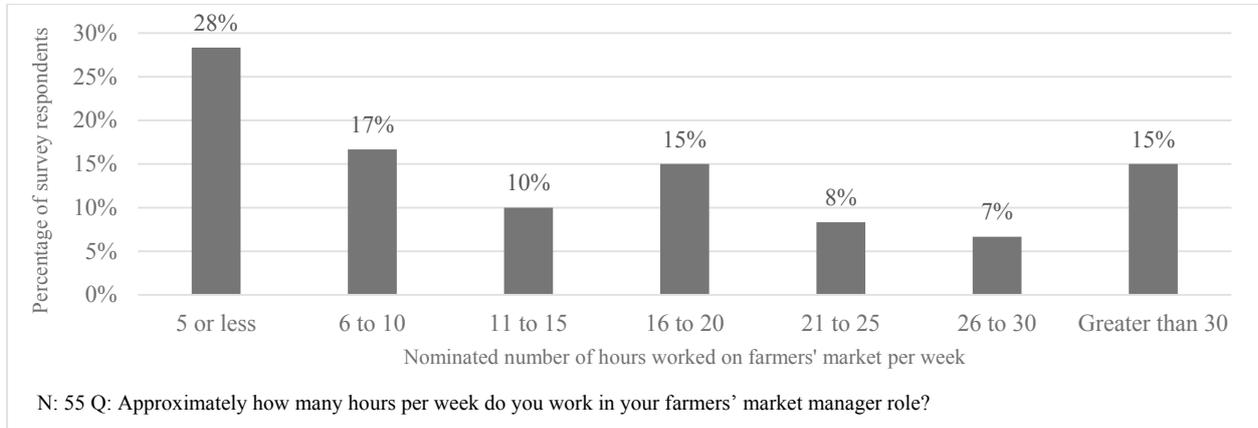
**Figure 24 Geographic distribution of farmers markets managed by market managers**



### Time worked on farmers' market

On average, market managers overall worked 17 hours per week managing farmers' markets. Volunteer managers worked an average of 6 hours per week while paid managers worked an average of 21 hours per week. The distribution of nominated hours worked by the market managers is illustrated in Figure 25.

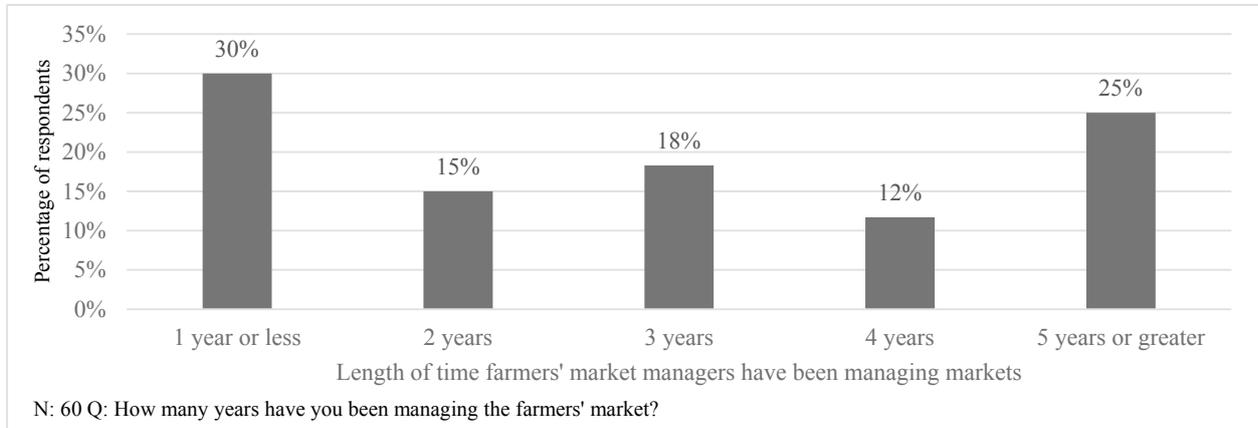
**Figure 25 Distribution of number of hours worked by Farmers' Market Managers per week**



### Duration of involvement in managing farmers' market

The length of time and experience of the farmers' market managers varied (Figure 26). 30 per cent of respondents had been managing a farmers' market for 1 year or less whereas 25 per cent had been managing a farmers' market for 5 years or more.

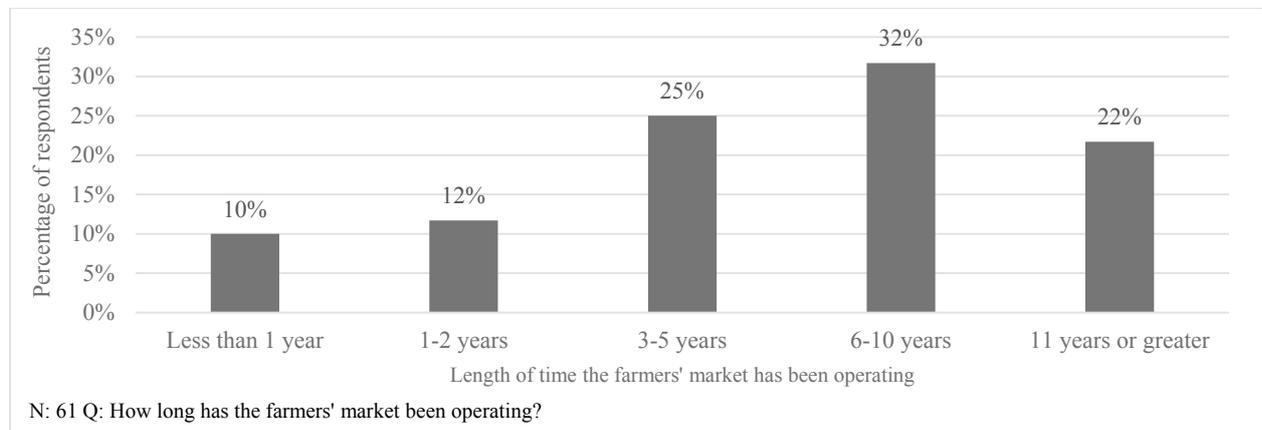
**Figure 26 Length of time market manager respondents had been operating farmers' markets**



## Operating Duration

54 per cent of the farmers' markets that the market manager survey respondents were managing had operated for six years or more, 25 per cent for 3-5 years and 22 per cent had been managing their farmers' market for 2 years or less (Figure 27).

**Figure 27 Length of operation of the farmers' markets being managed by the survey market manager respondents**



## Stallholder commute

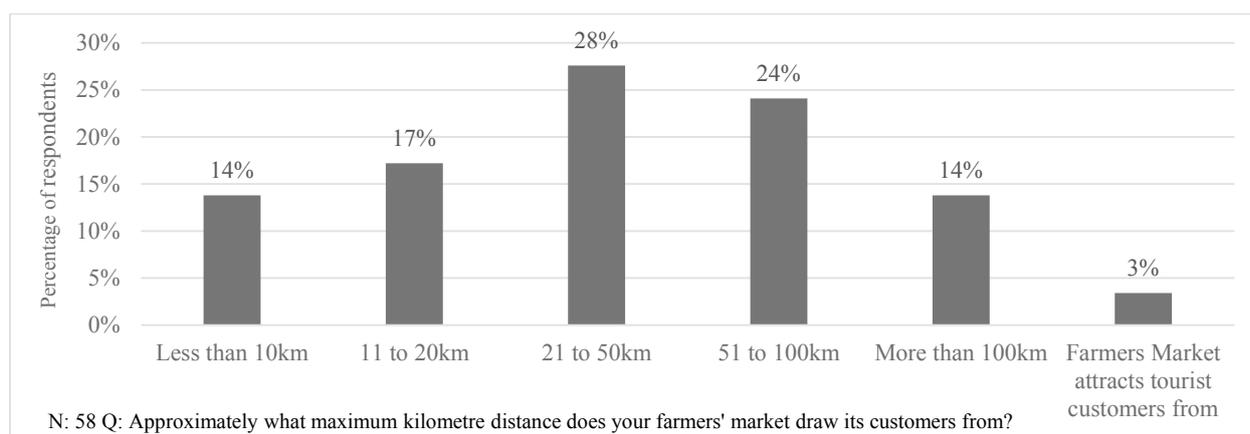
Market managers were asked what maximum distance stallholders travelled to participate in their farmers' market:

- 43 per cent had stallholders travelling more than 100 kilometres
- 28 per cent had stallholders travelling between 51 and 100 kilometres
- 18 per cent had stallholders travelling between 21 and 50 kilometres, and
- 10 per cent per cent had stallholders travelling less than 20 kilometres.

## Customer commute

The estimated maximum distance customers travelled to participate in their farmers' market as provided by the market managers (Figure 28) ranged with 31 per cent travelling 20 kilometres or less, 28 per cent 21 to 50 kilometres, 24 per cent traveling between 51 and 100 kilometers and 17 per cent travelled more than 14 kilometers.

**Figure 28 Estimated maximum distance customers travel to farmers' market (estimated by market managers)**



## Market Operations

All farmers' market managers noted that they had guidelines for stallholder operations and practices. These were referred to as charters, policies, their constitution and/or manuals. In most instances it was reported that the stallholder must sign a contract or an agreement which includes agreement to the operational requirements. Some examples of comments provided include:

“We have a fairly comprehensive set of rules and regulations plus a code of conduct that they [stallholders] must agree to before they start trading.”

“We provide stallholders with a Stallholder Manual that details operational guidelines at the market. We also provide any LGA food health documentation that they may require for trading.”

“We have a Code of Practice which stallholders have to sign off on before they can join the market.”

“Operational guidelines are contained in the Market Rules which is agreed to and signed before a stallholder is allowed into the market.”

“We have a constitution and each stallholder signs a contract.”

75 per cent of the market managers reported that they have a management committee overseeing their farmers' market. Of those who do have a management committee, 93 per cent believe it works well.

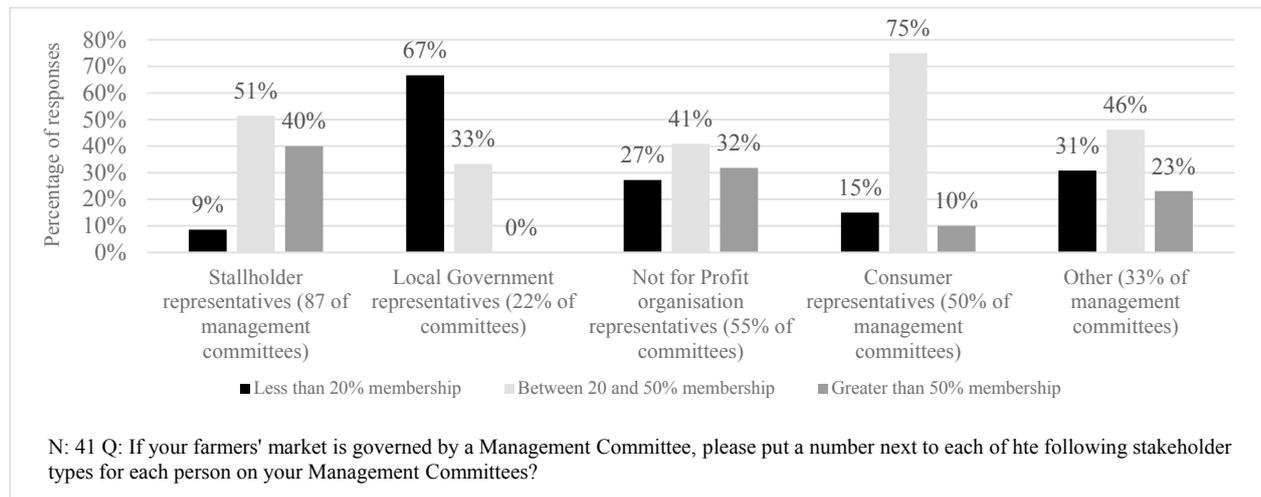
The stakeholders on the management committees varied with:

- 87 per cent of management committees were reported having stallholder representatives
- 55 per cent of management committees were reported having not-for-profit organisation representatives
- 50 per cent of management committees were reported having consumer representatives
- 22 per cent of management committees were reported having representatives from local government, and
- 33 per cent of management committees were reported having representatives from other stakeholder groups.

For those that had the above stakeholders represented, Figure 29 shows the distribution and make-up of the management committees for each of the stakeholder types. Stallholders made up greater than

half of the membership of 40 per cent of the management committees. Local government representatives usually made up a small number of participants on the management committees where they are represented and consumer representatives were most likely between 20-50 per cent of the management committee's membership.

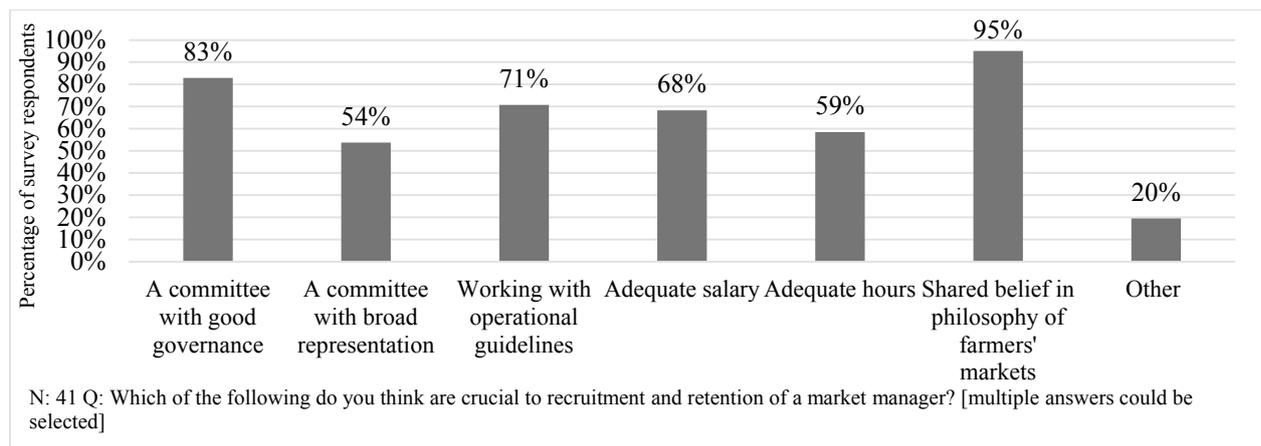
**Figure 29 Distribution of different stakeholder types on management committees of farmers' markets**



### Required attributes for market manager

Market managers provided feedback on the attributes required to recruit and retain market managers. The highest reported requirement was a 'shared belief in philosophy of farmers' markets' with 95 per cent of respondents identifying this as the most important attribute. The second highest reported attribute was 'a committee with good governance.' Other responses are illustrated in Figure 30. Attributes which were reported under "other", was providing the market manager with authority and support through other people to help with aspects of running the market as well as the trust and ability to make decisions required to run the market.

**Figure 30 Crucial attributes required to recruit and retain a market manager**



## Sustainability of the existing farmers' markets

85 per cent of market managers reported that their market was sustainable and 91 per cent identified that they thought the market would be operating in three years. Key comments from market managers included:

“Many at the market-level aimed to be a not-for-profit so had low costs and any profits made went either back into the market or back to the community.”

“The effort is worth the benefits that are received for the community. The community needs to subsidise some of the financial running costs but the benefits for the community outweigh these costs.”

The 15 per cent of respondents who report being unsure whether their market was sustainable, or reported that their market was not sustainable, provided the following types of comments:

“The reliance on volunteers and unpaid managers meant that if these were to be paid they [the farmers market] would be unviable.”

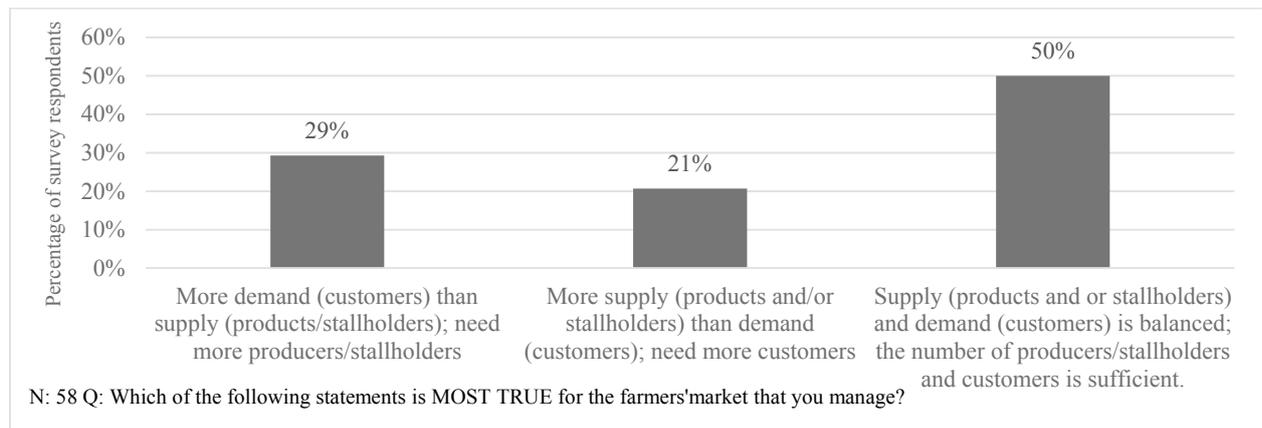
“Some were in early stage development and their comments reflected the need for economy of scale to attract enough customers to serve the stallholders.”

“Attracting suitable stallholders can be challenging.”

## Supply and demand balance of farmers' market

50 per cent of market managers identified that the supply of products and demand from customers is balanced at their market. 29 per cent reported that their market had more demand than supply and 21 per cent more supply than demand (illustrated in Figure 9). The results were comparable across the age of the farmers' markets although younger farmers' market tended to report that they had more supply than demand, which is consider normal in their early phases.

Figure 9 Supply and demand balance reported for farmers' markets



## Drivers for farmers' market establishment

Market managers reported the top five primary needs<sup>3</sup> that resulted in the establishment of farmers' markets were:

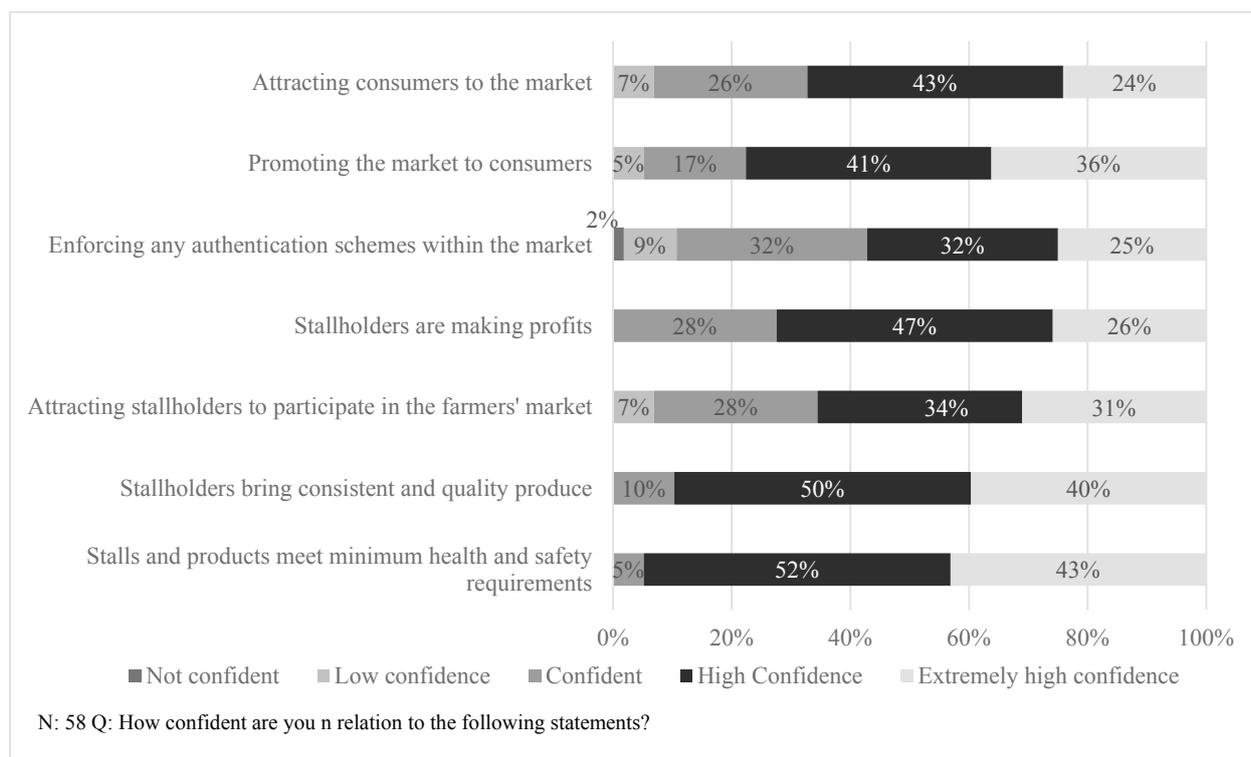
- providing an alternative avenue for consumers to access fresh, local, seasonal and nutritious food (34 per cent)
- offering a viable avenue for small producers to sell their produce (20 per cent)
- encouraging enhanced community connections and improving wellbeing (10 per cent)
- revitalising community economy and assisting regional development (9 per cent), and
- increasing viability of farms and rural lands (7 per cent).

Overwhelmingly, the market managers reported that these needs have been responded to by the farmers' market.

## Confidence level of market managers for a range of farmers' market attributes

Market managers were asked to rate their confidence for a range of areas related to their farmers' market. The highest confidence of market managers was reported as 'stalls and products meeting minimum health and safety requirements' and the second highest confidence levels were reported for 'stallholders bring consistent and quality produce'. All responses are illustrated in Figure 31.

**Figure 31 Confidence of market managers for a range of attributes in relation to their farmers' market**

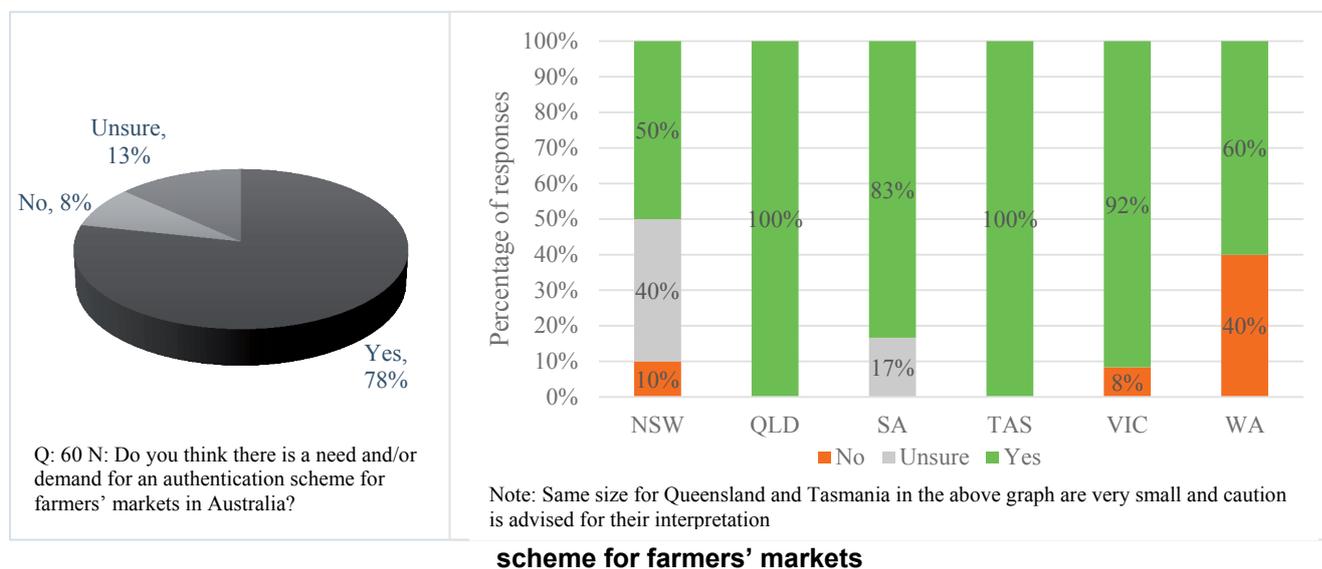


<sup>3</sup> N: 57 Q: What are the primary needs that resulted in the establishment of the farmers' market in your community and has the farmers' market successfully responded to these needs [up to three could be nominated be nominated]

## Authenticity from market manager's perspective

Nearly 80 per cent of farmers' market managers believed there was a need or demand for an authentication or accreditation scheme for farmers' markets (illustrated in Figure 11). Interestingly, when viewed state-by-state, Western Australian market managers were less convinced on the need for authentication or accreditation and a significant portion in New South Wales managers were unsure.

**Figure 32 Market managers' view on the demand or need for authentication or accreditation**



### scheme for farmers' markets

Themes that emerged from the comments in the survey from those who believed there was a demand or need for an accreditation system were:

- It helps to provide consistency, quality and assurance to consumers.
- It is a good concept however each farmers' market will have its own needs and newer farmers' markets may struggle to get off the ground if they go straight to an accredited approach.
- An accreditation or authenticity scheme would protect growers and legitimate farmers' market participants from being undermined and undercut.
- Market managers are responsible for implementing any rules for a market and this can be time consuming and challenging to administer.
- It helps to keep the quality controlled.
- It is needed to stop the growing number of examples of markets who promote themselves as farmers' markets but sell products from overseas.
- There is a danger that the smaller farmers' market will not be able to compete if the rules become too strict.
- Some managers agree in concept but think it would be hard to administer and they are already time poor running other aspects of the market.
- A national accreditation scheme could help overcome confusion around what an actual farmers' market entails.

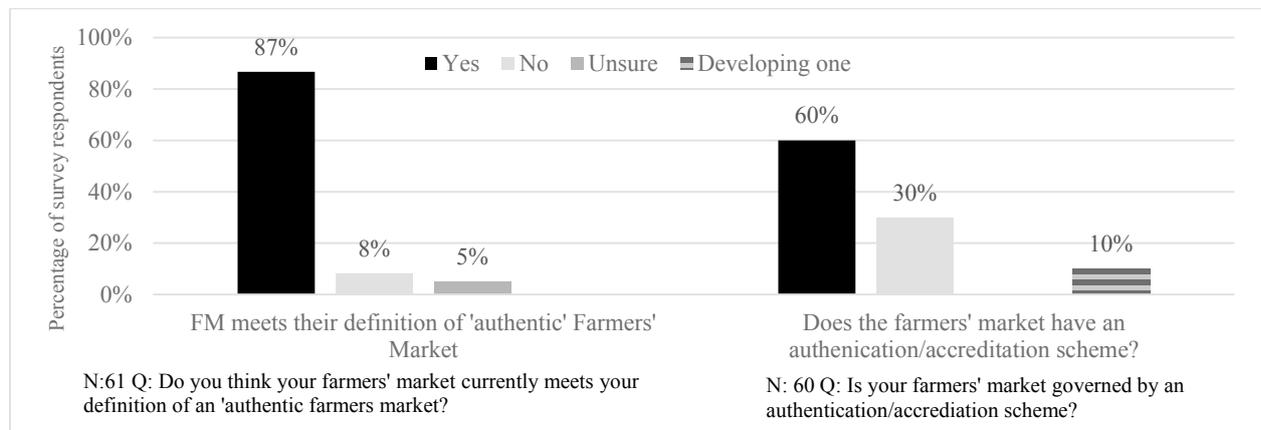
- It will help to reduce the agents and wholesalers using farmers' markets as a way to access their customers. This is misleading customers.
- An authentication system may help make it easier for market managers to differentiate between potential stallholders and select those best suited for the market and its customers.

Market managers who were not supportive made several key points, these being:

- Defining and determining rules and requirements for markets should occur at the local level. A one-size-fits-all approach or top down approach will not work at the local level.
- Self-regulation is most appropriate. If market management is overseen appropriately there is no need for an overriding approach.
- There are different requirements for different locations and communities – the age and maturity of the farmers' market, the purpose and goal that is driving the market's establishment and operations and the customers that it is servicing all influence the requirements and effectiveness of the market.
- Administering a system would increase costs and reduce the viability of farmers' markets for communities and for potential stallholders.

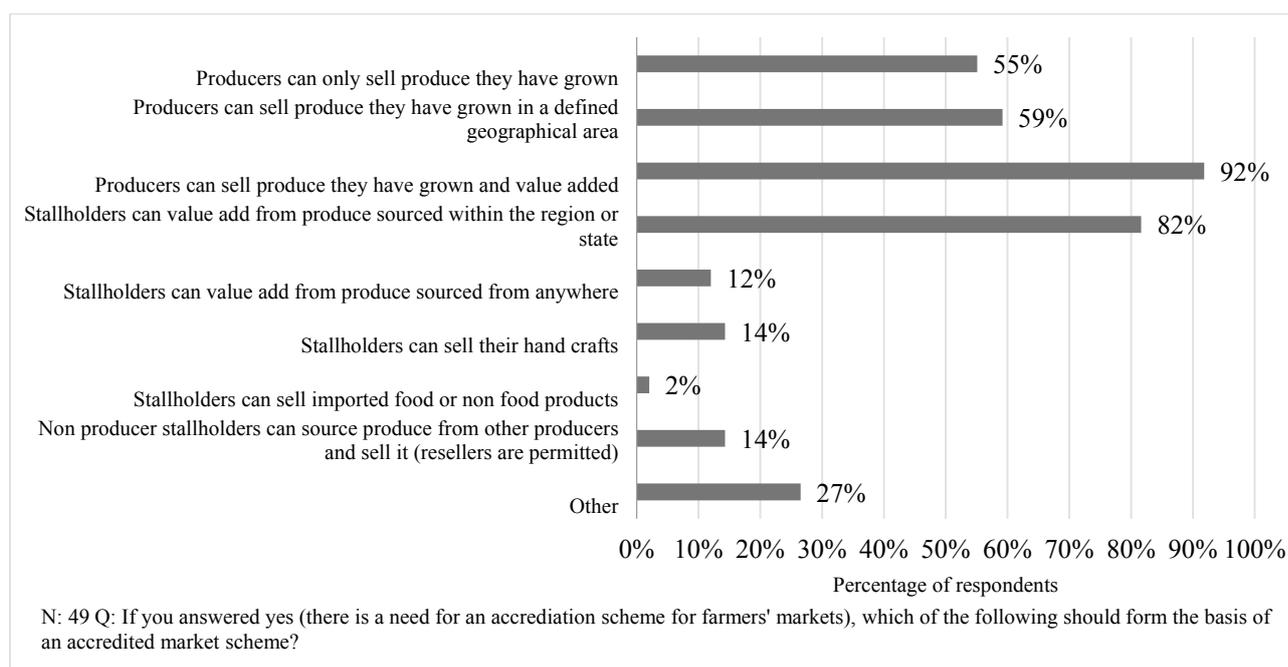
Nearly 90 per cent of market managers believed their market met the definition of an authentic farmers' market. Of those, 60 per cent reported that they had an authentication or accreditation scheme, 30 per cent did not have a scheme and 10 per cent reported that they were developing one (Figure 33).

**Figure 33 Farmers' market authentication from the market managers' perspective**



Market managers were provided the opportunity to provide information on what they thought should form the basis of an accredited farmers' market. The results are presented in Figure 34. A caveat is noted that the data presented does not align with feedback provided in other parts of the survey which support the concept of the market being primarily for producers. The researcher believes that the first two categories presented in the graph (Figure 12) were reported inconsistently by survey respondents. This research study has interpreted that all farmers' markets should have producers selling produce that they have grown and 59 per cent of the survey respondents believe that the producers that participate in the farmers' market should only come from a defined geographical area. It is not possible to fully test this assumption and therefore caution is advised on how data from this question has been used in this research and any future research.

**Figure 34 Market managers' perspectives on the characteristics that should form the basis of an accredited farmers market**



All the Victorian market manager respondents identified that they had adopted and promoted the VFMA scheme (these people accounted for 42 per cent of those responding yes). Of the other jurisdictions, 45 per cent reported that they had a customised scheme and 10 per cent had an informal approach and hands-on market management that did not require a formal scheme.

For those who had an accreditation or authentication scheme, they rated the importance of this scheme very highly with 75 per cent rating it 'very important' and 11 per cent 'moderately important' (an average rating out of 4.58 out of 5). Comments provided as part of this rating noted two main motives and values for the accreditation or authentication – 1) provides assurance and evidence to consumers about the products sold at the market; and 2) it is useful to differentiate their market from other markets out there. Others report that the scheme helps ensure the market is consistently managed if market management were to change.

### Threats or weaknesses of farmers' markets from manager perspective

Lack of consistent produce diversity and quality at farmers' markets and weather, particularly on market days, were cited by market managers as the two most significant risks or challenges for farmers' markets. They also identified:

- Difficulty in competing against main supermarkets – their approach, prices and opening hours.
- Increasing numbers of resellers participating in farmers' markets is impacting the reputation of farmers' market from a consumer perspective.
- Lack of clear differentiation from other local markets (some of which claiming to be farmers' markets).
- Difficulty in making smaller farmers' market viable (size of area not sufficient to create enough consumers to be valuable for stallholders).
- Challenges associated with timing of farmers' market and the inconvenience for stallholders' participation (distance to travel can be significant, timing clash for families or does not suit some lifestyle preferences).
- Lack of government support at the local and state level.

- In areas where new farmers' market have been established, the competition between the farmers' market creates challenges.
- Unrealistic product pricing by some stallholders is turning off customers from participating in farmers' markets.

Some managers also reported the lack of skills and capacity of some stallholders in areas such as marketing and branding, planning their participation, lack of cash-flow to grow their business and communication with consumers. Many also reflected on their own skills as an area that limited some operational aspects of farmers' market. Skills sought included advice on how to optimise use of social media, ways to improve the promotion and marketing of farmers' markets and ways to help stallholders be more effective.

### **Market manager's noted areas for improvement**

Market managers were asked what they would like for their farmers' market. The responses are illustrated in Figure 35. The five key reasons cited as the main reasons preventing them from undertaking action, include:

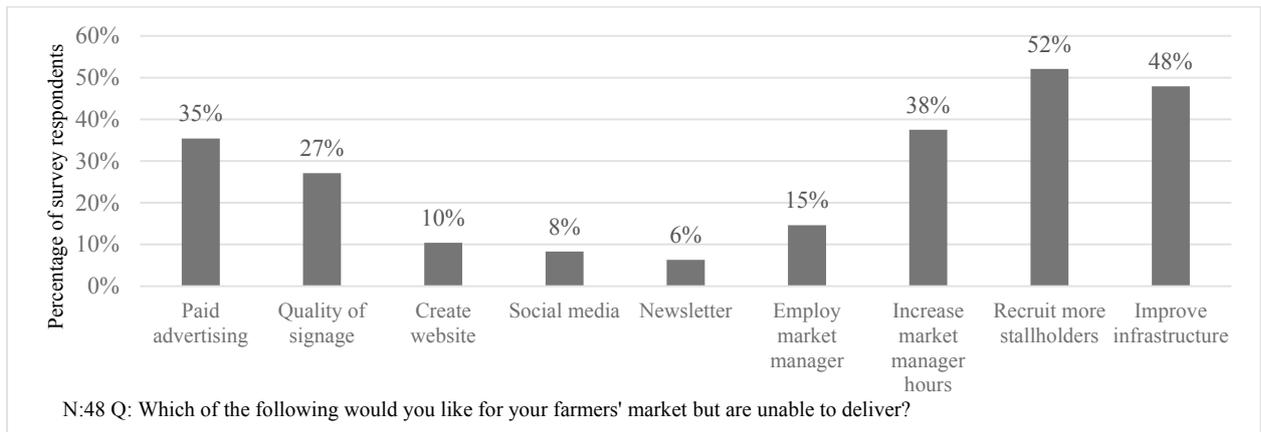
- access to financial resources
- reliance on volunteers
- council or venue rules placing restrictions on operations
- skills of market managers or need to attract specialised skills, and
- ability to attract resources (through both stallholder fees and other grants or sponsorship options).

The highest rated responses was recruiting more stallholders (52 per cent). Comments related to recruiting stallholders noted the challenge in attracting the appropriate variety and diversity of stallholders and that this was needed to attract more customers. Retaining existing stallholders was also cited as a challenge.

The second highest rate response was improving infrastructure, with 48 per cent of market managers reporting this as an area that they would like to improve. The challenges noted by survey respondents were the lack of control or influence over the venue infrastructure which curtailed their ability to improve the physical operating factors of the market. A lack of resources was also cited as a key challenge in improving infrastructure. Similar comments also related to improving signage, noting that the lack of ability to influence public venues meant the reliance on temporary signage.

Paid advertising was noted as an area that could be improved but financial limitations were reported as the major inhibitor to doing more advertising, as well as reliance on volunteers, lack of time and, in some cases, skills for effective advertising.

**Figure 35** Areas that market manager's report more could be done for their farmers' market across a range of areas



## 7. Results – Community, industry and local government interested parties

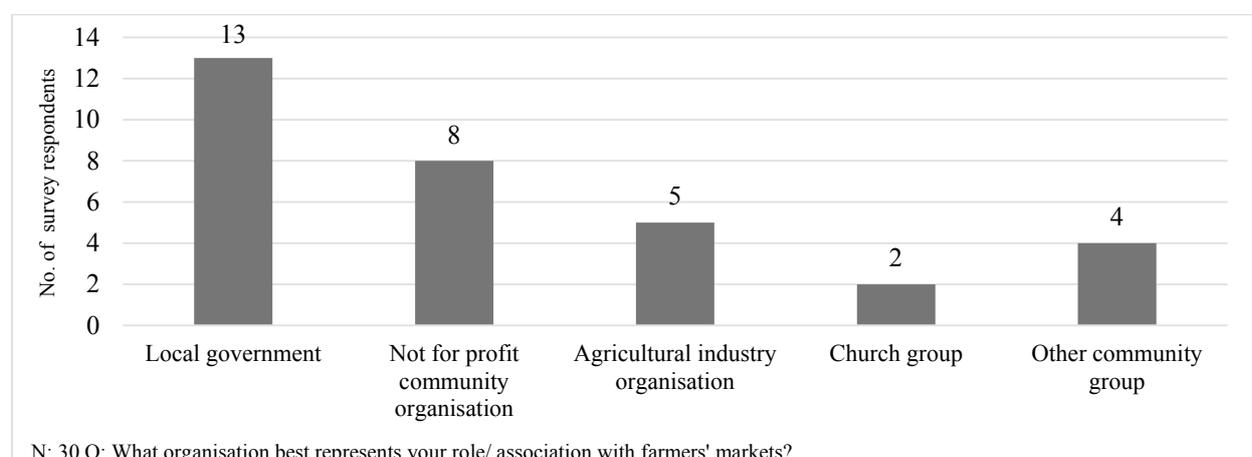
This survey intended to provide an opportunity for interested community and industry leaders and local governments to provide their perspectives and experiences of farmers' markets. It is not intended to provide a statistically valid picture given the large number of stakeholders in this category that could potentially have input on farmers' markets.

There were also a number of survey responses from interested consumers. These responses have been removed from the analysis as the questions were not designed to receive consumer feedback. The feedback from these people has been reviewed and where relevant incorporated into consumer considerations and analysis in the discussion section of this report.

The small sample size does not warrant a percentage breakdown of results, instead the information below provides an overarching summary of the feedback received. In total, 32 responses were received (Figure 36):

- 13 respondents were from local governments
- 14 respondents were from not-for-profit community organisations and community committees. Of these, 2 responses were from Rotary Clubs, 2 from church groups and 8 from local community leaders not affiliated with a specific organisation or network, and
- 5 respondents were from agricultural industry organisations or interest groups.

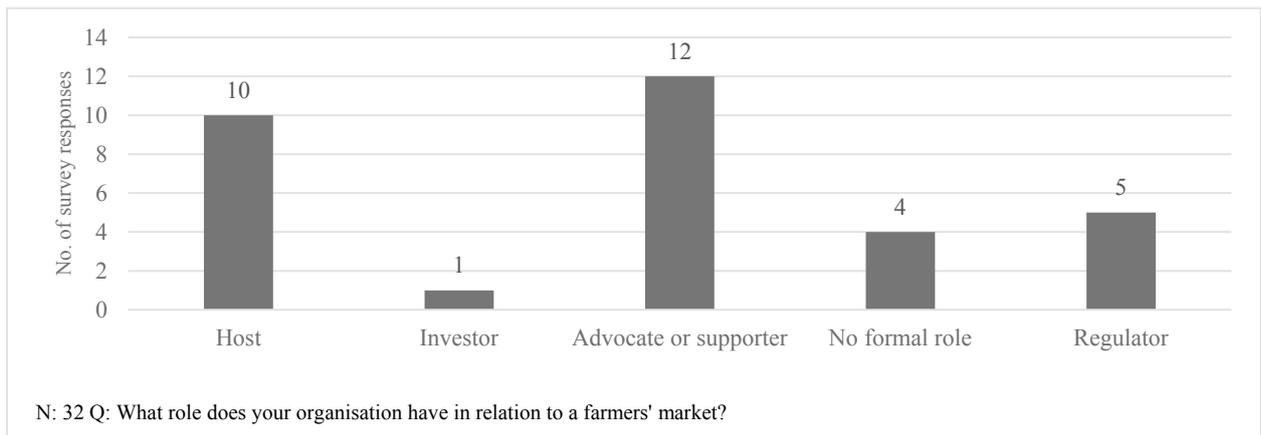
**Figure 36 Survey participants role or association with farmers' markets.**



The 32 respondents had a range of roles in relation to farmers' markets (illustrated in Figure 37).

- 12 reporting that they were advocates or supporters of farmers' markets
- 10 were from organisations that hosted the farmers' market
- 5 had a regulatory role
- 4 had no formal role with a particular farmers' markets but rather are in roles that would influence the operations of a farmers' market (such as local government representatives) or had previously had an active role in overseeing or advocating for the farmers' market, and
- 1 investor in a farmers' market.

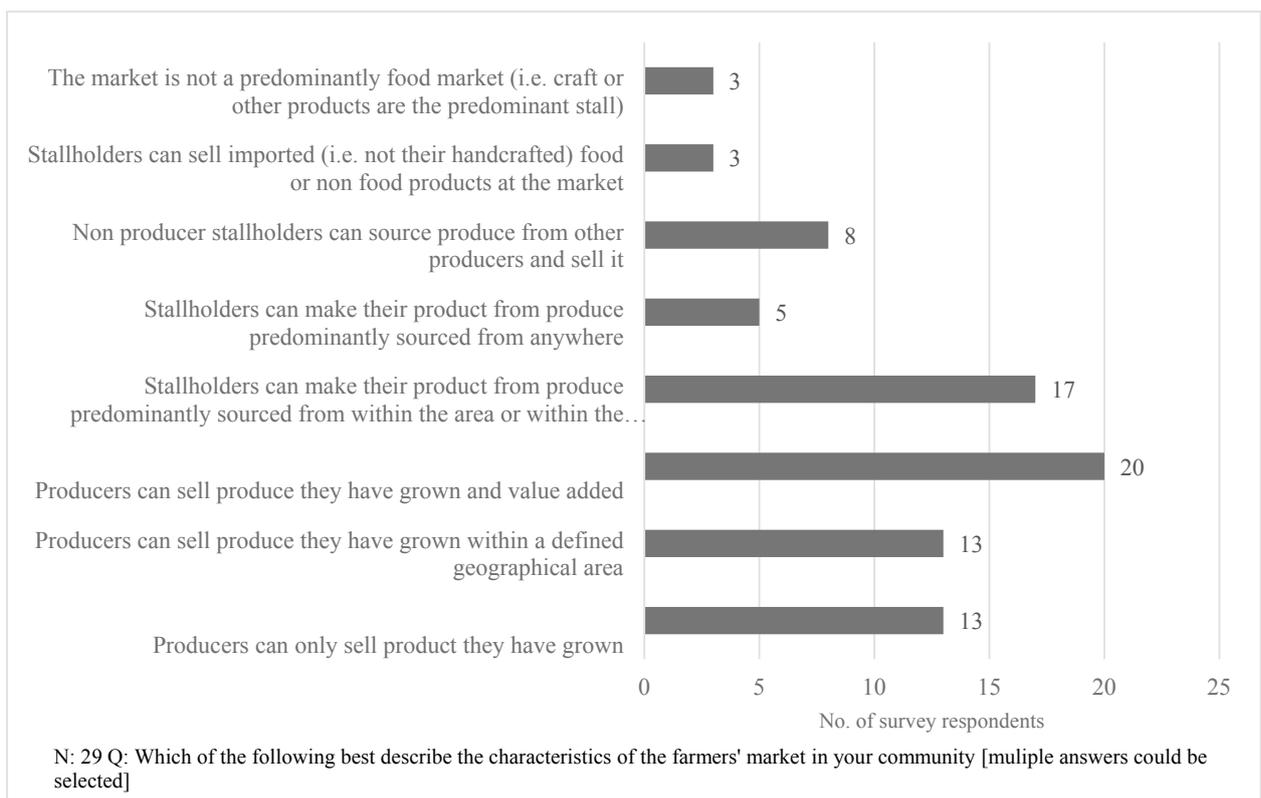
**Figure 37 Role of survey respondents' organisations with a farmers' market**



**Characteristics of farmers' markets related to survey respondents**

Survey respondents were asked to provide characteristics of their farmers' markets. The responses are presented in Figure 38.

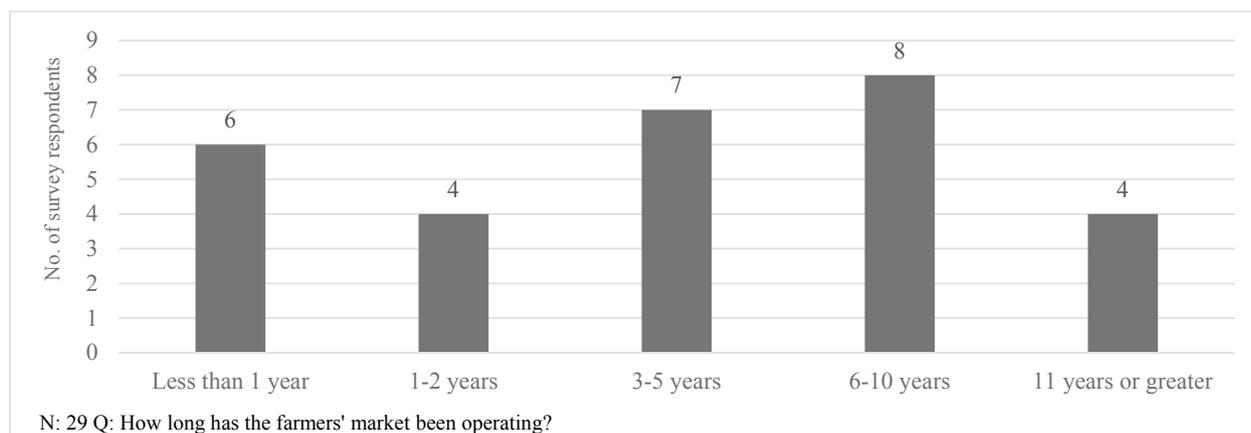
**Figure 38 Characteristics of farmers' markets for survey respondents**



## Length of operation of farmers' market related to survey respondents

Survey responders reported a wide range in the maturity of farmers' markets that they had involvement with. 12 were involved in farmers' markets which had been operating for six years or more, 7 were in operation from three to five years, and 10 were operating for two years or less (Figure 39).

**Figure 39** Length of operation of farmers' markets related to survey respondents



## Drivers of farmers' market

Survey respondents were invited to nominate up to three drivers for the establishment of the farmers' market in their area. The top eight reported drivers<sup>4</sup> were:

1. Increased interest and demand for an alternative avenue for consumers in the community to access fresh, local, seasonal and nutritious food (18 respondents).
2. The need to encourage enhanced community wellbeing and connectedness (10 respondents).
3. As a way to provide small producers with a viable alternative option to sell their produce (9 respondents).
4. An interest in supporting local farmers and businesses (8 respondents).
5. A way to promote the region, local agriculture and local produce (7 respondents).
6. The need to raise the profile of, and funds for, community groups (4 respondents).
7. The need to revitalise and regenerate the community (4 respondents).
8. Support the community and consumer interests to be more sustainable (3 respondents).

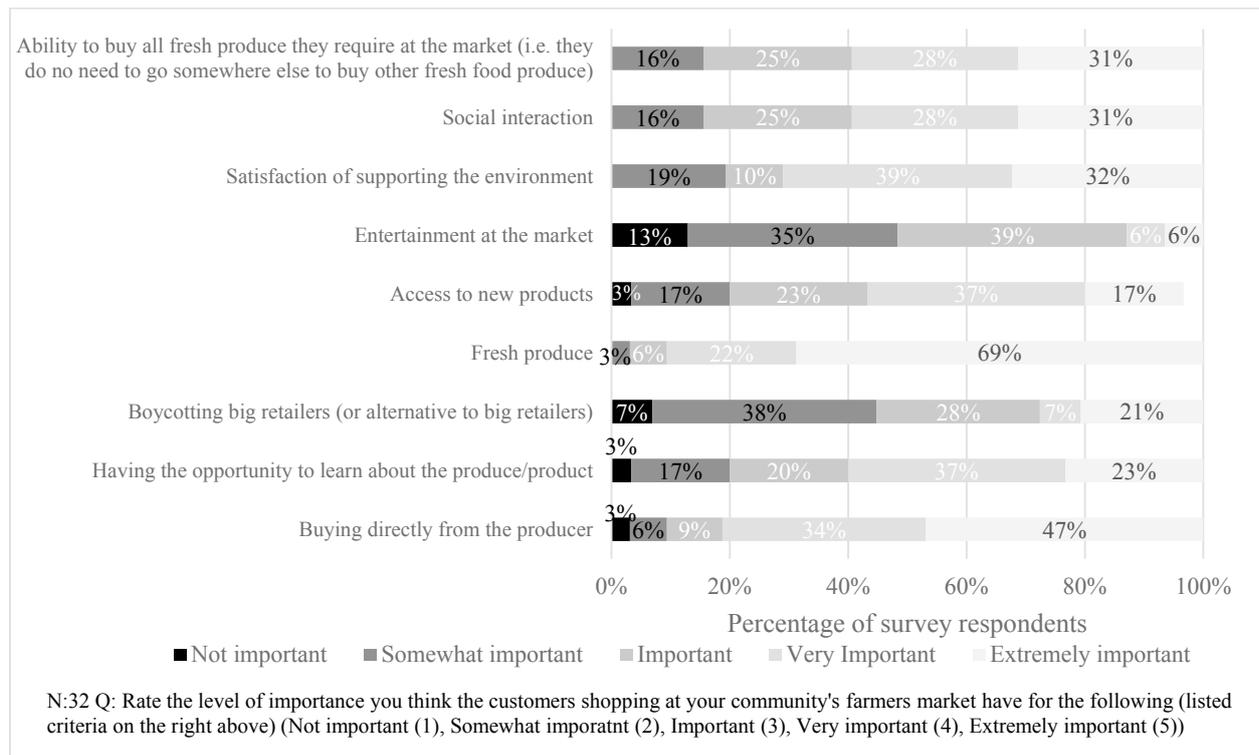
In relation to the above reported needs, survey respondents were asked whether they thought farmers' markets were successful in responding to these drivers. 27 respondents reported that they thought the farmers' market were successful, 2 reported that they were not and 3 were unsure.

<sup>4</sup> N: 30 Q: What were the primary drivers for the establishment of the farmers market in your community? [up to 3 could be nominated]

## Views on what customers value about farmers' markets

The survey respondents identified buying fresh produce as the most important attribute for customers shopping in their community's farmers' market with an average rating of 4.56 out of five (1 not important and 5 extremely important). The second highest rated attribute was buying directly from the producer with the average rating being 4.16 out of five. Ratings for all the attributes are illustrated in Figure 40.

**Figure 40 Survey respondents' perspectives on the level of importance of different customer attributes**

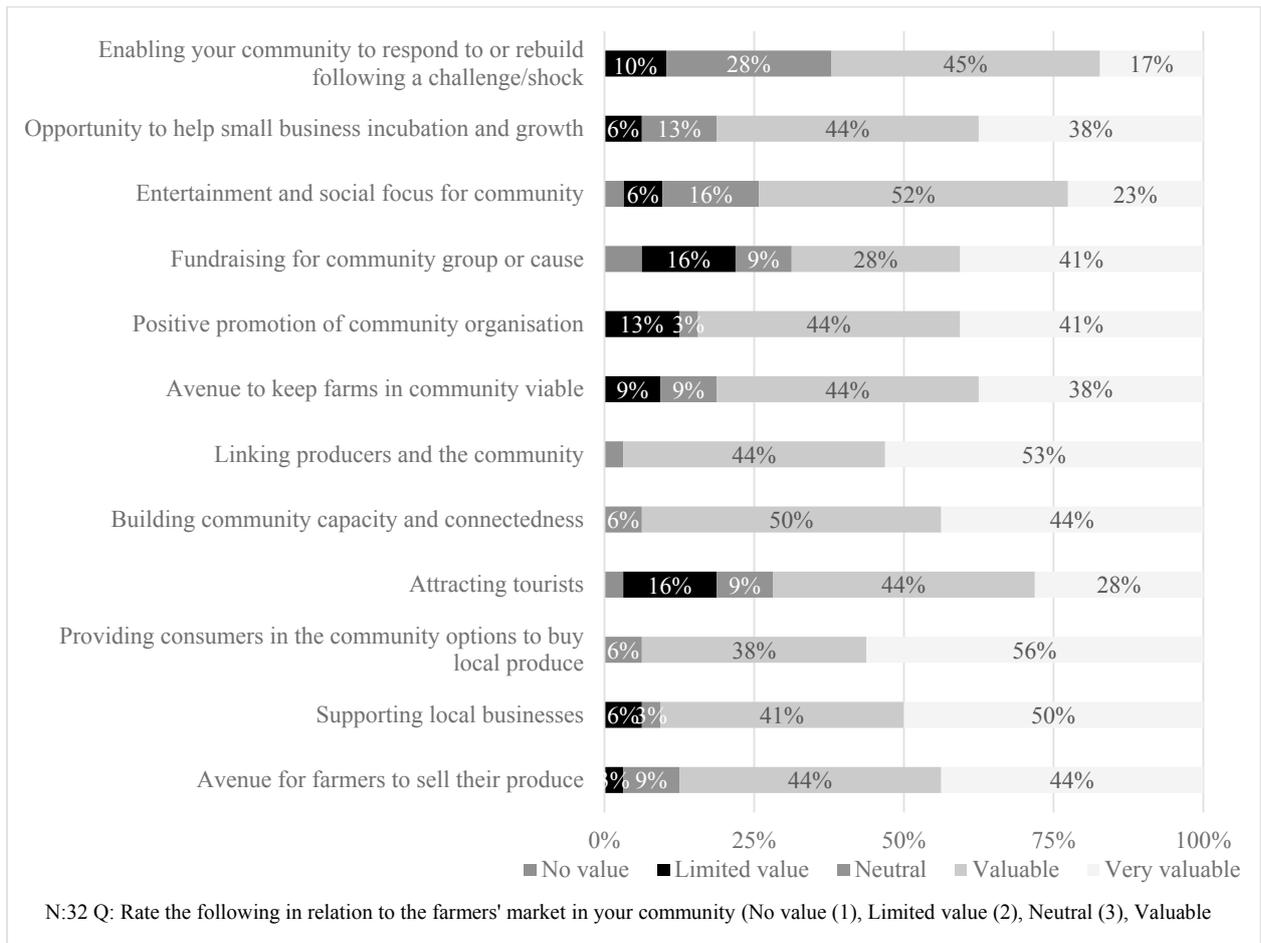


## Views on the value of farmers' market for their community

Survey participants were asked to rate the value of the farmers' market against a range of possible roles that they play in their community (Figure 41). Twelve options were provided with the highest three rated values being:

1. Providing consumers with options to buy local produce (average rating 4.5 out of 5)
2. Linking producers and the community (average rating 4.5 out of 5)
3. Building community capacity and connectedness (average rating 4.38 out of 5)

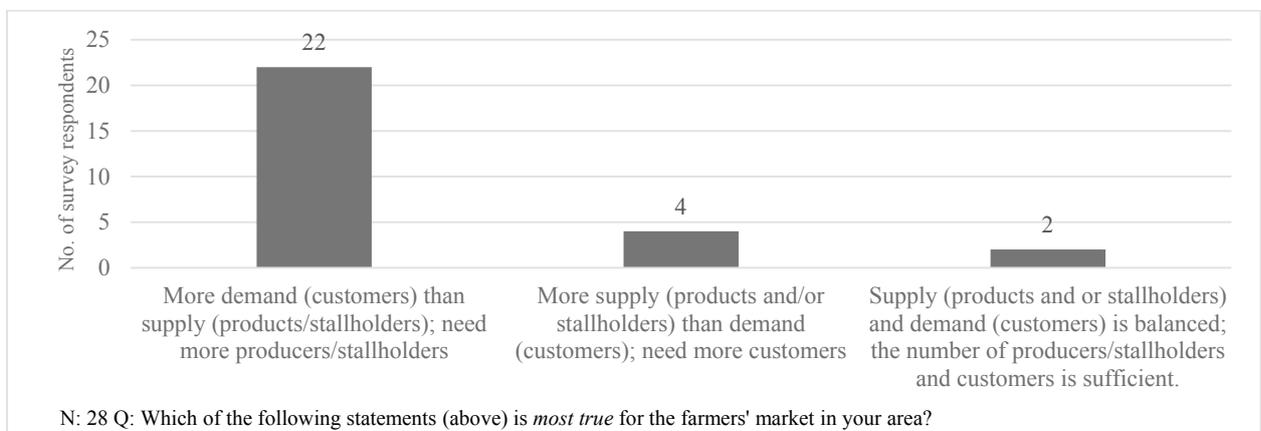
**Figure 41 Rating of farmers' market value for their community across a range of possible roles**



### Supply and demand balance at farmers' markets

The majority of survey respondents reported that the farmers' market in their area had more demand than supply and therefore there was a need for more stallholders (Figure 42).

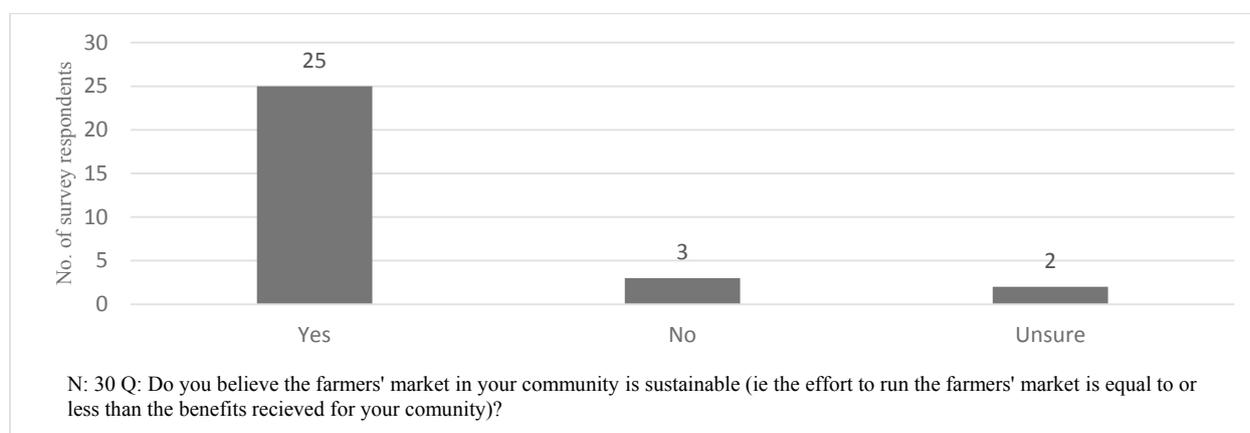
**Figure 42 Perspectives on the supply and demand balance at the farmers market in their area**



## Sustainability of farmers' markets

The vast majority reported that the farmers' market in their community was sustainable. Sustainability was defined as "the effort to run the farmers' market is equal to or less than the benefits received for their community" (illustrated in Figure 43).

**Figure 43 Perspectives on the sustainability of the farmers' markets**



The responses to sustainability of the market align with responses provided on whether the farmers' market would be operating in 3 years from now. 25 people responded that they thought the market would be operating in 3 years, 2 reported that they did not think it would be operating and 3 were unsure.

Some comments in relation to the sustainability and likelihood of operations in 3 years from now related to challenges associated with managing and retaining existing volunteers as well as trying to attract new volunteers to help market operations. Three survey respondents reported that their market needed to be revamped or revitalised to better position it for the future.

## Reported benefits of farmers' markets to their community

Survey respondents were invited to provide qualitative feedback on what they perceived to be the major benefits of the farmers' markets for their community. More than 80 benefits were reported which were thematically grouped to identify the top benefits reported by survey respondents. The top six benefits were:

1. The positive role farmers' markets played in enhancing community wellbeing (20 responses).
2. An alternative avenue for consumers and community to access fresh, local, seasonal and nutritious food (18 responses).
3. Promotion of the region and local produce (11 responses).
4. Linking producers and food business stallholders with consumers (8 responses).
5. Food health promotion and education (8 responses).
6. Supporting the community's economy and assisting to play a role in regional development (5 responses).

## **Report threats or weaknesses of farmers' markets**

Survey respondents were invited to comment on what they perceived to be the three greatest threats or weaknesses in the farmers' markets model. The survey did not provide suggestions for responses and instead relied on respondents to provide qualitative feedback. 70 responses were provided from 26 survey participants. These responses were thematically grouped and the top six were:

1. Lack of consistency (9 responses).
2. Limited diversity (7 responses).
3. Lack of financial resources and skills in undertaking marketing and public relations (6 responses).
4. Not enough stallholders (5 responses).
5. Challenges with the seasonality of produce and the weather on market days (5 responses).
6. Viability of producers (high costs to produce, increased reliance of off-farm income, convenience in operating market stall) (5 responses).

It should be noted that the responses from this survey, compared with the market manager survey, provided less consistent feedback related to threats or weaknesses of farmers' markets. Further data collection and probing in relation to these would be advised in any future study. Other themes included challenges associated with operational hours of the farmers' market, financial viability and self-sufficiency of the farmers' market, and difficulty in competing with other retail options was noted by 3 respondents.

## 8. Discussion – Farmers’ markets in relation to farmers and food business stallholders

This chapter provides analysis of farmers’ markets from the perspective of farmers and food business stallholders. It uses the farmer and food business stallholder analysis framework presented in the Methodology section of this report (Figure 3 on page 6). The analysis framework identifies six core requirements of stallholders and three options or preferences which help to identify the value of farmers’ markets to farmers and food value added businesses. Each requirement in the framework was analysed using existing research and survey data collected as part of this research study.

### Core requirements

#### Reliable distribution option

All businesses require access to relevant markets to distribute their product. This core requirement identifies farmers’ markets as a distribution option for farmers and food value added businesses and reflects on:

- the type and attributes of the distribution option
- the availability and accessibility, and
- the reliability.

#### *Type and attributes of the distribution option*

Direct marketing is an option to sell produce for some producers and food businesses. Farmers’ markets are one of many direct marketing options for farmers and food business stallholders, enabling them to directly sell their produce to consumers. Other direct marketing options include farm gate sales, pick-your-own, roadside stalls, direct home delivery, online sales, community support agriculture and box schemes, community/school kitchen gardens and community gardens (Hall 2002; Cottingham 2008; Adams 2011).

Farmers or food business stallholders choose to utilise farmers’ markets as a direct distribution channel for reasons including, but not limited to, (Hall, 2002):

- An interest to obtain greater share of the financial returns for the product than could be achieved through other channels
- Businesses wanting greater control and flexibility in their business
- The requirements of other distribution channels may limit the ability of a farmer or food business to participate. This could be due to scale or size of the enterprise, ability to meet minimum order or specification requirements, production systems and infrastructure accessible to the business or varieties chosen, and
- The age and maturity of the farm or food business. For example, it may still be in early development designing, testing and refining produce and products and/or production timing may take many years.

Characteristics of farmers' markets as a distribution option, including both possible advantages and disadvantages for a farmer or food business, are presented in Table 3.

**Table 3 Characteristics of a farmers' market as a distribution channel for farmers and food business stallholders**

| Characteristics            | Farmers' Markets as a distribution channel   |
|----------------------------|--|
| <b>Required Investment</b> | <ul style="list-style-type: none"> <li>• Minimal capital investment compared to other distribution channels.</li> <li>• Stall fees, insurance, parking and travel costs (most farmers' markets include parking).</li> <li>• Food safety and compliance costs.</li> <li>• Appropriate storage and transportation (e.g. refrigeration, storage of signage and other materials used at market).</li> <li>• Branding and packaging of products and presentation of stall.</li> <li>• Costs to cover stallholders and their staff time.</li> </ul>  |
| <b>Product and quality</b> | <ul style="list-style-type: none"> <li>• No minimum product volume requirements. This can accommodate seasonal changes in produce availability and small and newer businesses who can grow at their own pace.</li> <li>• Quality of products required is generally high but there is also opportunity to sell products with different quality attributes than those sought and sold by other distribution channels (e.g. the size, varieties, shelf-life attributes and level of freshness of the product). This can create flexibility and opportunities for stallholders.</li> <li>• The farmers' market operating environment enables testing of products and refining products (both for species type as well as value added product adaptations and improvements).</li> </ul>   |
| <b>Pricing</b>             | <ul style="list-style-type: none"> <li>• Likely to receive a greater portion of the retail price for products through the elimination of steps in the supply chain through direct sales. However, this relies on sufficient demand created for products on market days.</li> <li>• There is a need to manage some consumer expectations regarding the shorter supply chain and cutting out intermediaries thus a perception that the price should be cheaper.</li> <li>• Where higher prices than other distribution channels are observed by consumers, there is a need to clearly differentiate information on quality and other attributes for that product.</li> </ul>   |
| <b>Barriers to entry</b>   | <ul style="list-style-type: none"> <li>• In some areas there is limited stallholder space in the market. This could be because there are already a sufficient number of stallholders selling the same or similar products, or physical site constraints.</li> <li>• Some farmers' markets have eligibility rules relating to geographic boundaries that they cover and thus farmers and food business stallholders outside this area may not be permitted to operate in a market.</li> <li>• Some farmers' markets have eligibility issues surrounding over duplication of product therefore eliminating other potential stallholders.</li> <li>• Market politics may prevent some potential stallholders from participating. This could be due to conflicting goals of the market organisers (for example between managers and management committees).</li> </ul> |
| <b>Special advantages</b>  | <ul style="list-style-type: none"> <li>• Significant number of customers in one place able to see and purchase produce. In comparison to other direct market options such as roadside stalls and pick-your-own where customers may be low and unpredictable from day to day.</li> </ul>  |

| Characteristics              | Farmers' Markets as a distribution channel   |
|------------------------------|--|
|                              | <ul style="list-style-type: none"> <li>• Main advertising tends to be done by farmers' market management and local community supporters.</li> <li>• Low overheads and low commitment risks.</li> <li>• Ability to directly engage with customers and obtain feedback on products and anticipate future needs and wants.</li> <li>• Establishes an environment suitable for testing products and obtaining feedback on branding.</li> <li>• Social connection with the community (through contact with customers, other stallholders, market management and volunteers).</li> <li>• Contacts made at markets provide the potential opportunity for flow-on sales outside the market (e.g. direct sales to restaurants, local shops and increased farm gate sales).</li> </ul>   |
| <b>Special disadvantages</b> | <ul style="list-style-type: none"> <li>• Preparing, setting up and manning the stall can be time consuming. This can put pressure on other aspects of the business, such as farming and producing the products.</li> <li>• Weather conditions can impact customer attendance on market days.</li> <li>• Compared to other direct market options, such as pick-your-own, there is a need to transport products to the market.</li> <li>• Usually there is a requirement for weekend or evening work which can conflict with family or lifestyle commitments.</li> <li>• Some stallholders reported that the rules of farmers' markets had the potential to cap business growth if the farmer or producer has to be the main seller. This may limit opportunities to participate in more than one farmers' market at the same time.</li> </ul> |
| <b>Other</b>                 | <ul style="list-style-type: none"> <li>• Stallholders need to be willing to engage and communicate effectively with customers (for example, explaining practical attributes of products, ways to cook, use and store products and about production processes or even about the business story and production philosophy).</li> <li>• The skills and capacity of individual stallholders is important to presenting and packaging produce and value added products in order to attract customers. To compete with other stalls, stallholders need to present and brand their products effectively to attract and retain customers.</li> </ul>   |

Source: Feedback from stallholders, market managers and references: Young, 1995; Hall 2002

### *Availability and accessibility*

Availability and accessibility of the farmers' markets refers to elements such as location of the market, how practical it is to travel to the market, frequency of the market and the timing of the markets. The farmers' market attributes need to be compared with other distribution channel options such as wholesale markets, retail markets, direct selling to local shops.

Local food markets have been operating for centuries. The Australian Farmers' Markets Association reports that authentic farmers' markets started in Australia in 1999. In the ABARES (Er et al 2011) research, they identified that the total number of farmers' markets had more than doubled between 2004 and 2011 (Table 4).

**Table 4 Number of farmers' markets in Australia 2011**

| ACT       | NSW         | NT               | QLD        | SA        | TAS       | VIC         | WA         | Total |
|-----------|-------------|------------------|------------|-----------|-----------|-------------|------------|-------|
| 2<br>(1%) | 43<br>(28%) | Not<br>available | 12<br>(8%) | 9<br>(6%) | 5<br>(3%) | 68<br>(45%) | 13<br>(9%) | 152   |

Source: Er et al, 2011

This research study did not seek to confirm or update the actual numbers of farmers' markets. There was no evidence found as part of the research to suggest that farmers' markets had closed so in theory it is likely that the number of farmers' markets has significantly increased since 2011. This is also confirmed by survey responses from 13 market managers who reported that their market had been operating for 2 years or less.

A significant proportion of survey responses across the three target groups nominated direct marketing distribution as an important characteristic of farmers' markets. It should also be noted that there are a number of other local markets which are not predominantly focused on locally produced produce which could create a direct market option for farmers and food value added businesses.

The issue of authenticity of these alternative local markets was raised on several occasions by the three stakeholder groups. While there are differing views on what constitutes an authentic farmers' market, irrespective these other local markets remain in competition with the traditional farmers' markets for retail share. In the surveys, stallholders and other groups did advocate the value of authentic markets and their preference to participate in these markets over other types of local markets.

A valuable piece of future research would be to consider farmers' markets from a stallholder point of view compared to other direct market distribution options, such as local markets that are predominantly craft or producer focused. Understanding the differences and value of farmers' markets and the perceived benefits from a stallholder's perspective compared to other direct local markets would be valuable for industry planning and for communicating direct marketing options to farmers and other businesses.

### *Reliability*

The farmer and food business survey asked stallholders to rate the importance of a range of possible attributes that farmers' markets can provide. The responses were:

1. Ability to interact directly with customers, and
2. Reliable option to sell my produce.

Stallholders, market managers and community/local government stakeholders reported that they believed their market to be sustainable and likely to be operating in the future. In fact, when considering current consumer food purchasing trends, it is a likely outcome that the farmers' market model will continue to grow if decision makers can take advantage of opportunities and mitigate risks and threats.

Risks to the reliability of the farmers' market arise from weather events which may reduce customer numbers and insufficient or ineffective promotion of the farmers' market to attract customers. Other risks identified were the difference in reliability for economic returns between local/regional markets compared with metropolitan markets. This is an issue that should be monitored and considered in the successful establishment of any new local/regional farmers' market, that being to ensure the value for stallholders participating in the market provides sufficient return to justify their involvement.

## **Demand for produce and products**

This core criteria considers whether there are sufficient customers that desire, and are willing to pay for, the products sold at farmers' markets. It considers whether customers participate and purchase products at farmers markets.

- Market share
- Future trends and interest in farmers markets, and
- Feedback and satisfaction of existing farmers' market stallholders and market managers on customer participation.

### *Food consumer market share*

There is limited data available on the volume and sales market share of food distribution through farmers' markets. At the 2011 ABARES Outlook Conference, McKinna estimated 7 per cent of the share of fresh food supply to Australian consumers was through farmers' markets (McKinna et al, 2011). Another estimate reported by the Australian Centre of Retail Studies suggests "*four out of five Australian consumers shop at a supermarket, just over 10 percent purchase mainly from the local store, while 4 percent shop at farmers' markets*" (ACRS, 2010).

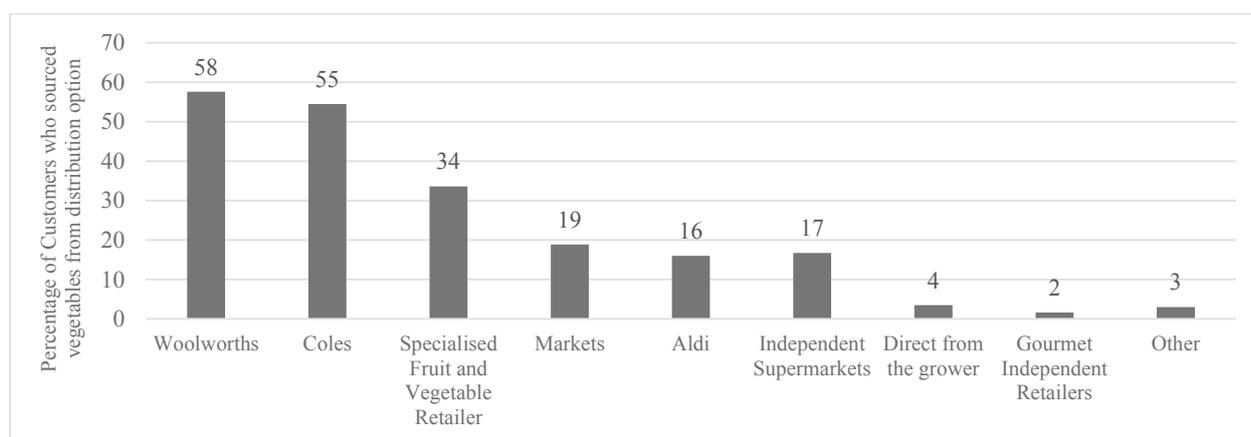
AusVeg and Horticulture Australia Limited have commissioned Colmar Brunton to undertake a research study to monitor consumer perceptions and monthly behaviour in relation to fresh vegetables over a three year period. Given vegetables are a staple product sold through farmers' markets (with 12 per cent of stallholders reporting to sell vegetables and a further 7 per cent selling value added fruit and vegetables at their farmers' market stall) it is worthwhile considering the results of the work completed to date.

Two reports by Colmar Brunton (2013) have been published covering the following vegetables: beans, broccoli, carrots, cauliflower, green peas, lettuce, pumpkin and sweet corn. Consumers were asked where they typically purchased their vegetables and 'markets' were reported by 19 per cent of consumers to be a place where they sourced vegetables over a month period<sup>5</sup> (Figure 44). On average 4 per cent of customers reported that they purchased directly from the grower and 34 per cent from a specialist fruit and vegetable retailer. The Colmar Brunton survey allowed multiple retail channels to be selected so the results suggest that 19 per cent of customers at some point in the month purchase vegetables from farmers' markets. Although some of these would supplement from other sources and some would solely use a farmers' market. Regardless this is a significant portion participating in markets for vegetable purchases.

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<sup>5</sup> The survey did not define or specify 'markets'. In talking with the researchers who undertook the work it can be assumed that a range of local, community, farmers, and focal points named as markets would make up this category. A minimum of 500 consumers were surveyed for each vegetable category and this sample was nationally distributed.

**Figure 44 Distribution channels customers purchased vegetables from over an average month**



Source: Colmur Brunton, 2013 (June and July Reports). Note survey respondents could select multiple sources for the channels that they purchased their vegetables thus the percentages will not add up to 100 rather they reflect how often a respondent nominated the purchase channel for their vegetables.

It would be useful to track customer participation in farmers’ markets over time and obtain information on how they use farmers’ markets coupled with other retailers (a more detailed consumer research study was beyond the scope of this research study). Importantly, any future consumer research study should try to obtain information from current farmers’ market participants as well as consumers using other retail options to buy their food.

*Future trends/interest in farmers markets*

The Australian Centre for Retail Studies (ACRS) *2010 Australian Consumer Trends* report identifies six key consumer trends which can help retailers, including farmers’ markets, better position themselves to respond to challenges and exploit potential opportunities in the future. The six types of customer trends identified are:

- Value – customers are more carefully considering their needs as well as where and when they spend their money.
- Busy – convenience is increasingly important given the time-poor nature of Australian society impacting what consumers buy and when they want to buy it.
- Green – many consumers have an increasing concern about the environment and this is intrinsically linked to other attributes such as socially responsible, sustainable, ethical and health food supply.
- Local – increasing interest to support local and a desire for more meaningful relationships with the chosen brands. There is also a growing consciousness and interest in where and how products are produced.
- Bored – many customers are overwhelmed by wide ranging choices and the increasing number and type of retail concepts. This is resulting in customers wanting a greater connection with retailers, more personalisation and more engaging experiences.
- Digital – technological advancements are enabling customers to spend more time using the internet and social media to make purchasing decisions and growth in actual purchases made using online approaches.

Complementing this research is FOODmap, a comparative analysis of Australian food distribution channels published by the Australian Government in 2007. This research also noted relevant trends in food purchasing behaviour (DAFF, 2007), for example:

- There is an increasing demand for convenience (reflected in flexible shopping times, reduced meal preparation times)
- People are shopping more frequently
- People are eating out of home more frequently
- People are spending less of their household income on food
- There is a greater interest to understand the integrity of food production systems and food origins, and
- There is a widening interest in more healthy eating regimes.

The key trends that create growth opportunities for farmers' markets relate to the trends of *local* and *green* but also the interest to have a greater connection and a more engaging experience bodes well for farmers' markets. McKinna (2011) in his ABARES presentation also identifies local and farmers' markets being a likely area of growth in the future. This is a positive signal for farmers' markets as a distribution channel.

A challenge for farmers' markets relates to the consumer trend associated with demand for convenience and more frequent shopping. This needs to be considered in the future development and direction of farmers' markets if they are to maintain and/or attract a greater share of the food consumer market (also noted in the next Discussion chapter).

#### *Feedback and satisfaction of existing farmers' market stallholders and market managers on customer participation*

Fifty per cent of both stallholders and market managers in this research study identified that the supply and demand at their market was balanced, i.e. the number of producers/stallholders and customers were sufficient. This is a positive signal for the core requirement identified in the conceptual framework for farmers and food business stallholders for this research study (*Figure 45*).

One third of stallholders identified that there was a need for more customers (i.e. there was greater supply than demand) whereas approximately the same proportion of market managers identified that there was more demand than supply. This probably indicates that from a stallholders' perspective, more customers would always be beneficial. It also links to a key recommendation from stallholders seeking greater promotion of farmers' markets to attract more customers.

**Figure 45 Stallholders and Market Managers rating of demand and supply balance at their farmers' markets**



(Note sample size for community and local government is low so caution is advised in interpreting results for this stakeholder group)

These results are positive for farmers’ markets as a distribution channel for farmers and food business stallholders. An emerging issue related to this is the imbalance reported by stallholders in the lack of demand for their products at some local and regional markets when compared to metro markets. For a farmer or food business considering participating in a farmers’ market, they should consider the characteristics of the area, including its demographics, and the number and type of customers it attracts, to ensure that it aligns with their business preferences and products.

Stallholders reported an interest in greater promotion of markets to attract more customers. This is an ongoing task and one that requires continual investment to ensure markets remain a viable and sustainable option for stallholders.

Qualitative stallholder feedback suggested that farmers and food businesses are reluctant to pay more fees yet expect greater promotion of farmers’ markets to increase patronage. Effective promotion costs money and needs to be thoughtfully invested in to secure good customer participation and demand for products.

For example, Hall (2002) identifies that direct market options need to deliver the same value of services for customers as other retail avenues. He identified that retail price generally covers – cost of producing, grading, picking, transporting, wholesale and retail merchandising. Hall (2002) states for successful direct marketing:

“to achieve higher net returns, producers must either provide marketing services at a lower cost, provide services not available through other markets and/ or eliminate certain unnecessary services.”

In many ways farmers’ markets need to provide a ‘higher’ value of services to the stallholder than general retail or wholesale to warrant the time and effort it takes for the producer or maker of value-added products to leave the business and trade at the farmers market.

So, although there are less supply chain intermediaries in a direct marketing model, for a farmer or other value added food business there is still the need to deliver and provide services that emulate other components of the supply chain.

## Profitability

This core requirement considers the profitability of farmers' markets. Profitability considers revenue (return, break even or achieving financial goals) and costs and the relationship/ balance of these.

Nearly 80 per cent of farmers and food business stallholders identified that they made a profit through participating in farmers' markets (Figure 16). The ability of farmers to make a positive return through this selling medium means that more widely it can be viewed as an economically viable direct marketing option for farmers and food businesses to sell their produce. Market managers are also confident that their farmers' market is helping stallholders to make a profit (73 per cent high or extremely high confidence).

Coster & Kennon's (2005) study identified that "*Farmers' markets offer the potential for some farmers to retain a high proportion of the normal retail price*" for their produce. This finding confirms that there are potential benefits of participating in farmers' markets for economic gains from direct market avenues and in this case through a well-managed farmers' market.

This research study sought information on whether stallholders believed they made a profit and did not compare the amount of profit with other alternative distribution options available to stallholders. A future study may be beneficial in this area that would identify if farmers' markets provided greater returns to the stallholder than a wholesale or retail market, for example.

Brie (2005) undertook a study into the benefits of farmers' markets for small family farmers and identified from the Coster & Kennon's (2005) research that many of the survey respondents "*did not give a high priority to the financial benefits of participating in farmers' markets*" when compared with other market options and other benefits that farmers' markets could provide.

This finding aligns with the results from the survey of stallholders in this research study, which asked stallholders to rate the value of farmers' markets against a range of attributes. The respondents rated profit from sales as the third highest attribute, with direct customer interaction and the reliability of the distribution slightly ahead (see Figure 21 on page 25). Despite profits being ranked third, the rating was still very high, with 70 per cent of respondents rating profits from sales as either very important or critical for their business.

More detailed analysis of profitability of participants would be useful in interpreting the intrinsic value of farmers' markets. The results of this research study show the high value of the farmers' market but obtaining actual data on revenue and costs would also be useful, especially if this direct market option is to be promoted by agricultural industries and other stakeholders to farmers and food businesses.

## Growth opportunities for farmers and food business stallholders

Growth is a common barometer of a business and industry success and is closely linked with economic profitability, demand for product and sustainability. Growth in this context considers the characteristics and ability of the farmers' market to help improve business success through either increasing product quantity, range, price charged for product/s and/or by reducing input costs required to deliver a return for the product. The role farmers' markets can play in allowing new and emerging businesses to grow and build brand awareness is important.

### *Enabling Growth*

This research study concludes that farmers' markets provide a useful avenue for those seeking to grow their business. Stallholders have different growth needs and goals. The flexibility provided in the operating environment of farmers' markets and the opportunity to directly engage and learn from customers as well as learn from other farmers' market participants (such as other stallholders and market managers) is a great benefit offered by farmers' markets.

Half of the stallholder survey respondents identified that growing their business was their main business goal over the next five years. In addition to that nearly 30 per cent of farmer and food business respondents' main goals related to building their branding and product base such as build brand awareness (20 per cent) and test new products and produce (9 per cent). Only ten per cent of stallholders sought to stay the same as they were now whilst 8 per cent were seeking to retire, exit or scale back their business over the next five years. This distribution is illustrated in Figure 20 on page 23.

These business goals aspiring to growth, testing new products and building brand awareness align with the feedback received from farmers and food business stallholders regarding changes they have incorporated into their business as a result of their participation in farmers' markets. It is expected that businesses which are seeking to grow, build brand awareness and test products would by their nature aim to be responsive to consumer and market feedback, which the farmers' market environment is well placed to provide.

The stallholder survey also has demonstrated that 64 per cent had actually made changes to their produce, management approach, presentation and or branding as a result of participation in the farmers' market.

### *Incubation*

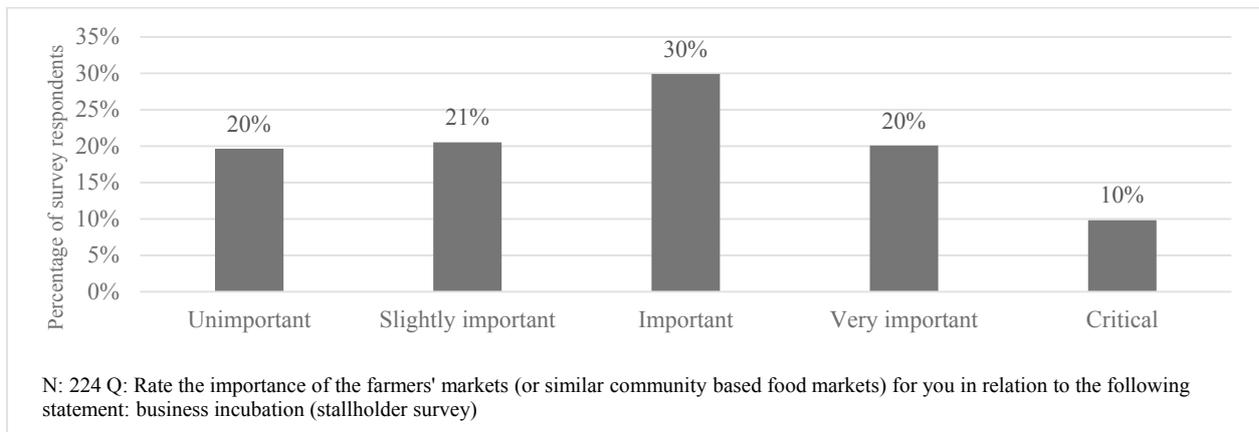
Several Australian and international studies have also confirmed the value of farmers' markets in providing suitable environments for business incubation. For example, an economic assessment of farmers' markets in the United Kingdom by Bullcock (2000) suggests that "Farmers' markets act as spurs for business start-ups and growth for producers."

This Australian research study found that farmers' markets were valued for their role in business incubation by some stallholders with 60 per cent rating them as critical, very important or important for business incubation. Although it should be noted that eight statements were provided for stallholders to rate the value for them and business incubation was rated the second lowest of all the attributes (see Figure 46). The researcher of this research study believes the term 'incubation' may not be understood to mean the same thing by stakeholders and that this result also shows the different entry points or business maturity of the people who use farmers' markets.

Other feedback provided by stallholders suggests the value the farmers' markets have for their business to trial and test new products, learn and change their management, branding and packaging (see page 23). This section shows that 64 per cent of stallholders reported that they had made changes to their produce, management approach, presentation and or branding as a result of participation in the

farmers' market. Other qualitative feedback from stallholders noted the flexibility the farmers' markets provides them and that it suits their early stage of business development.

**Figure 46 Value of Farmers' markets for business incubation**

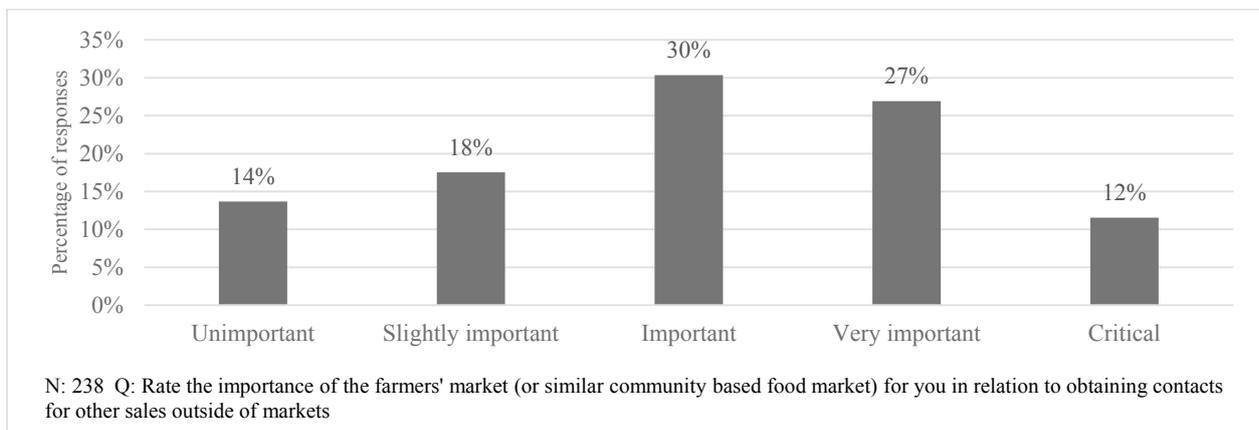


*Avenue to make contacts for sales outside the farmers' market*

Farmers' markets can play a role in providing a suitable environment for local shops, chefs/restaurants and others to see, taste and test produce or products. The contacts and networks that can be made at farmers' markets were reported to the researchers of this research study on several occasions during consultations, feedback from industry representatives, which was evident throughout all three surveys conducted as part of this research study.

For example, nearly 70 per cent of farmers and food business stallholders rate farmers' markets as either important, very important or critical in enabling contacts for sales outside of markets.

**Figure 47 Importance of farmers' market for obtaining contacts for other sales outside of markets**



## Ability to diversify distribution channels

Change is an inevitable component of modern business and with it comes opportunities and challenges. In this criterion, the farmers' market was considered for the role it could play in enabling a farmer or food business stallholder to manage changes.

Changed market circumstances and increasing adjustment pressures on terms of trade have been unfavourable for Australian producers for some time. However, freeing up the marketing arrangements has increased the scope for farmers and food business stallholders to work more closely and innovatively with other participants in the supply chain (Corish, 2006).

Retailers and major food processors are also increasingly entering into long-term contract arrangements with producers and other supply chain participants. In a study into price determination in the Australian Food industry, Spencer (2004) noted that "between 50 and 70 per cent of fresh fruit and vegetables sold to retailers is sourced through contracts with growers." These contractual arrangements would suit some businesses but create disadvantages for others,

The ability to manage which distribution channel/s a business chooses to use and the volume it sells to those channels can create economic opportunities for businesses. The ability to switch between channels depending on operating environment circumstances is positive, particularly for smaller businesses.

The farmers' market has been demonstrated to provide flexibility for stallholders' use as part of their business. It has the capacity for stallholders to scale up or choose the particular produce to sell on market day and the price that they will charge for these products.

Only 7 per cent of stallholders sold their entire produce volume through farmers' markets (Figure 18 on page 21). Nearly a third sold less than 25 per cent through farmers' markets. As noted in the stallholder survey results Chapter of this report, 64 per cent of stallholders used two or more other distribution channels in addition to the farmers' market. This shows the stallholders are using a range of distribution options to suit their circumstances and that the farmers' market can complement other distribution options and be part of business planning.

Further investigations could occur to better understand how farmers' markets are used as a tool compared with other markets and draw out any lessons that can be obtained that may help stallholders take advantage of the flexibility offered by farmers markets and any risks that could be posed for the stallholders use as a diversification option within their business planning.

## Direct customer feedback and interaction and other attributes of farmers' markets

Production-oriented businesses and industries have tended to fail to understand the changing need of their customers and the increasingly competitiveness of their market place. This has reduced their ability to maximise their products and the economic value of their products. Having the opportunity to work directly with the customer can create opportunities. This section considers the role farmers' markets play in providing businesses feedback from customers and if and how these shape their businesses.

The ability of farmers' markets to create a direct link between producers and makers with consumers has been reported as a key attraction and value of farmers' markets. The direct contact with the consumer has provided farmers and food businesses with much needed knowledge to be successful and adjust their business to changing consumer trends. Increasingly the open market operating environment practiced by the agricultural sector has required industries and businesses to be more responsive. McColl in his study on the structure of the agriculture sector noted:

“Before the 1980's, Australia's agricultural industries were characterised by extensive market regulation aimed at protecting producers from market instability. However, insulating farmers from market information removed a vital component of maintaining competitiveness – knowing consumer requirements.” (McColl, 1997)

Farmers and food business stallholders were invited to rate the importance of farmers' markets for a range of possible roles and attributes that farmers' markets may provide. Farmers and food business stallholders rated the ability that farmers' markets provided them to “*directly interact with customers*” as the highest rating, with 85 per cent rating the farmers' market as either critical (39 per cent) or very important (46 per cent) for this attribute (Figure 21 on page 25).

As noted in the previous section on Growth, 64 per cent of stallholders had actually made changes to their produce, management approach, presentation and or branding as a result of participation in the farmers' market. The feedback from stallholders in relation to these changes suggests that the direct feedback they have obtained from customers is the main driver for these changes. The other driver was noted to be learning information from other stallholders participating in the market. There were considerable examples of stallholders changing their varieties, packaging style and presentation to better suit customer needs. There were also reports of phasing out certain products due to lack of demand and feedback from customers.

## Preferences or options for some stallholder participants

### Increased opportunities to control aspects of business

External factors can be a strong influence on agricultural businesses resulting at times in a lack of flexibility or control and consequent difficulty. This section considers how farmers' markets can create opportunities for business flexibility for the business to create its own success. This preference considers the self-efficacy role of farmers' market participation.

In their joint-submission to the Victorian Government Inquiry into Farmers Markets the City of Casey and Cardinia Shire Council (2010) stated that:

“one of the major negative impacts on primary producers across Australia for many years has been the lack of control that primary producers have had on price that they receive for their products. They are price takers and not price makers.”

This price taker feeling reported by primary producers is a commonly noted frustration. Different distribution channels such as major retailers and food service sectors demand certain varieties, production processors, standards and volumes of produce. Meeting these requirements can guarantee demand and sales of produce and provide value to businesses. However, some of these requirements may not align with the business and the preferences or desires of the owners.

The farmers' market can provide a viable path for smaller farmers and food value added businesses to have greater control over their production techniques, varieties chosen and presentation of their products. It also can give them greater ability to set the price and/or reduce packaging costs. Ultimately however, the success of the product requires that the price point be set at a level that consumers are willing to pay. The empowering feeling reported by some stallholders in the survey of cutting out the middle-men to sell their products was a positive aspect of participating in the farmers' market.

It would be interesting for a future study to obtain information from stallholder participants on the value that they obtain from the increased ability to control aspects of their business, which aspects of their business they have greater control over and how this has influenced their entrepreneurial skills and the products that they sell.

### Skill and capacity development

Skills, knowledge and capacity development helps to enhance business performance. The development of skills and capacity and obtaining knowledge can occur through a wide range of ways. This criterion looks at farmers' markets from the perspective of creating an environment in which stallholders can obtain information and skills.

A farmers' market is a business environment in which farmers and food producers can successfully market their products. The marketing of products and organisation required to be successful at a farmers' market require skills, capacity and resources.

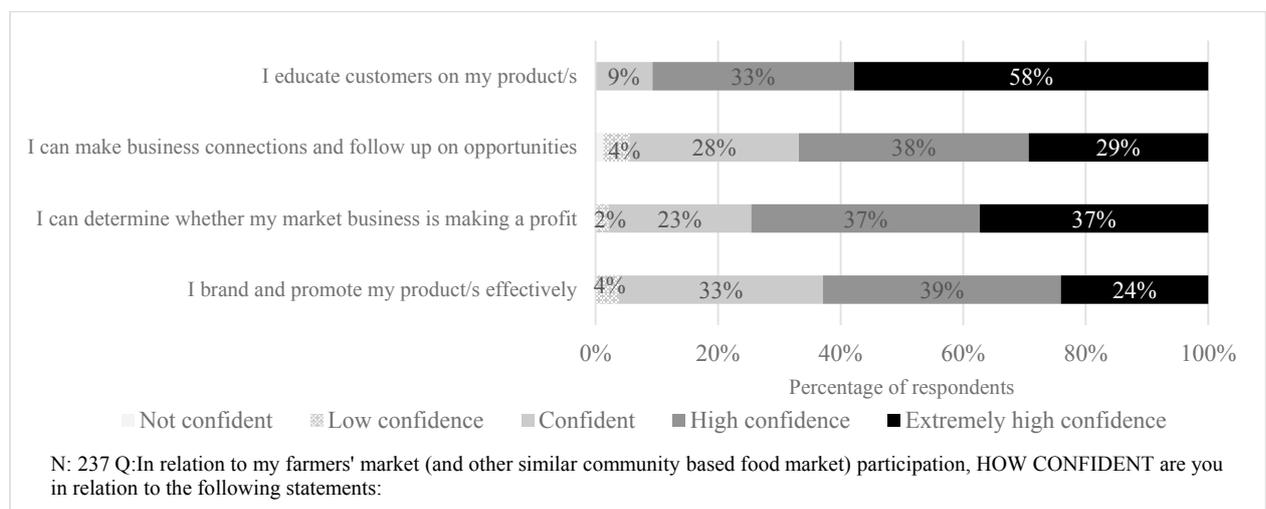
Brie (2005) in her study considering the benefits of farmers' markets for small family farms identifies from a review of international and domestic research that one of the benefits of farmers' markets for stallholders is *“the gaining and improvement of entrepreneurial, marketing and retailing and increased business confidence.”*

The Victorian Government Inquiry into Farmers' Markets also found that farmers' markets are helping businesses grow and building the entrepreneurial skills of stallholders (OSISDC, 2010).

Stallholders who participated in the survey for this research study cited their level of confidence in a range of attributes, rating themselves high confidence or extremely high confidence for most attributes. Complementing these ratings was feedback provided by stallholder respondents relating to changes and improvements they have made as a result of participating in farmers' markets. 64 per cent of stallholders reported that farmers' markets had influenced their product/s, branding and or management.

Comments identified that stallholders had built their skills in branding and promotion of their products and these were mostly based on feedback they had received from customers, while some stallholders identified other stallholders as aiding them to improve their stall. Market managers reported this as a benefit of farmers' markets as well by noting the value the interaction between stallholders had in generating ideas and improving their stalls.

**Figure 48 Stallholders confidence rating for their skills and abilities**



The farmers' market environment is conducive to helping stallholders, market managers and volunteers in developing their skills and expertise, particularly in marketing and communicating with their customers. Not all stallholders are interested or need the skill development but most see their participation playing a role whether they are conscious of it or not – either providing feedback or advice to others or through benefiting from information and advice from others.

Some stallholders and market managers reported gaps in skills in a couple of areas:

- ability to set realistic and achievable prices
- utilising social media and internet type communication options to communicate and promote their stalls or the markets as a whole to customers, and
- Planning and understanding customer trends and how to capture opportunities from these.

### Lifestyle preferences and suitability

This considers the farmers market requirements and how these relate to stallholder participation and the suitability of the direct market option for farmers and food businesses.

Farmers' markets require an investment of time by stallholders if they are to be successful. In particular, most farmers' markets require that the producer and/or maker of the product be at the stall to sell the produce directly to consumers. This need to be present to set up, man and pack away stall does not suit all business circumstances.

Nearly 80 per cent of stallholders reported that the person who made or produced the food was the main person responsible for the farmers' market stall and partners and family members were other parties usually involved in managing the stall.

Timing of markets is set and needs to work around other production business requirements and lifestyle preferences and needs. Some stallholders reported challenges in the timing of the market due to clashes with their children or families weekend activities or because it took them away from the farm at crucial times during production.

It is important that prospective stallholders are aware of the time requirements for their participation and are willing to make this commitment if they are to be successful. It is also important for market managers to offer flexibility in participation frequency.

## 9. Discussion – Consumers and Community

The consumer and community analysis framework (Figure 3 on page 6) has five core attributes identified as essential for delivering products to consumers and three preferences or options sought by some consumers. This section considers the evidence, primarily from previous research complemented by some of the data collected in this research study, to assess how farmers' markets perform in delivering these core attributes and the preferences.

A consumer survey was beyond the scope of this study and could be considered in the future to quantitatively assess farmers' markets against the analysis framework developed as part of this research.

### Core Requirements

#### Products are safe and legal

Consumers and society demand products that are safe. This core requirement for consumers takes into consideration any regulatory issues and legal requirements that have been established for safe food retailing.

Safe and legal products may seem like an obvious attribute for what consumers expect but often appears to be overlooked or not discussed in previous research. It is viewed as extremely important from a consumer perspective. A recent Roy Morgan research report identified that “consumers are more concerned about food safety than the proximity of a store to their home, good value, trading hours or quality and range of fresh fruits and vegetables” (Langley, 2013).

State government food safety regulations in place in all states and territories in Australia help to safeguard consumers from risks, including those that could occur through farmers' markets. This research observed the perception of farmers' markets around food safety appears to be positive but was cited by several stakeholders as an area that exposes the farmers' market sector to risk.

As an example of positive results in relation to food safety for farmers' markets, in 2003 the South Australian Government Department of Health undertook analysis of 80 samples of fruit and vegetables from stalls participating in five local markets (some of which were farmers' markets) to obtain a picture of how the produce complies with legal requirements for chemical residues. Each sample was tested for 85 chemicals (including pesticides, herbicides and fungicides). 90 per cent of the samples tested were free of any residues and of the ten per cent that residues were detected they were “well within the safety limits listed in the Food Standards Code” (SA Department of Health, 2003).

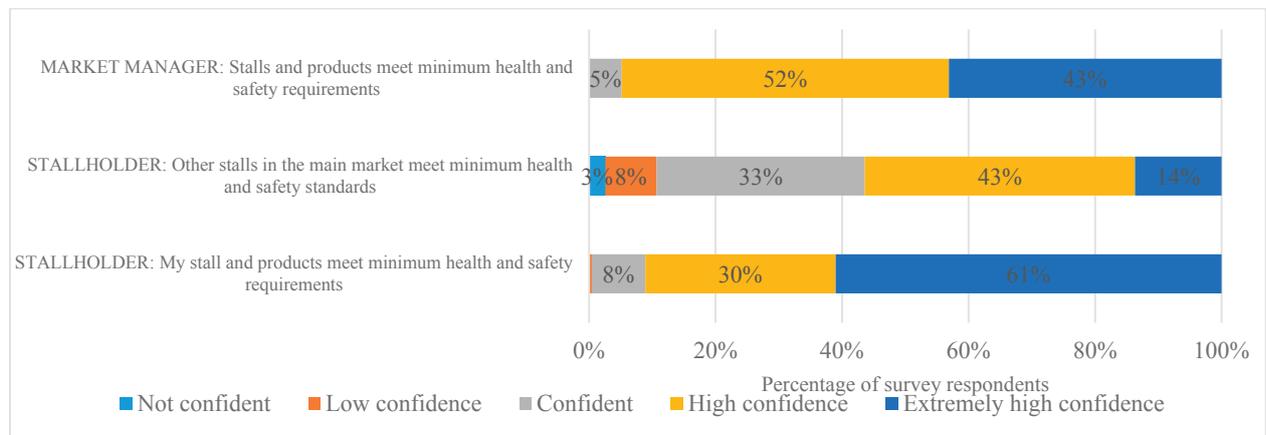
The South Australian Government (2003) concluded that they found “no evidence to indicate that fresh horticultural produce sold from weekend markets poses a risk to consumers from the presence of agricultural chemicals”.

This research study sought information on how confident stallholders were with their food safety and asked market managers their confidence in the stallholders participating in their markets in relation to health and safety requirements (Figure 49). 91 per cent of stallholders were extremely confident or had high confidence in meeting minimum health and safety requirements, which is a positive signal. When asked if other stalls at their farmers' market met minimum safety requirements stallholders' confidence levels were reduced a little but still demonstrated reasonable confidence that minimum standards were upheld.

Market managers were also asked their confidence of stallholders meeting minimum health and safety requirements with 95 per cent reporting extremely high confidence or high confidence for stallholders at their market. This is a positive signal.

The industry body, AFMA, provided information on resources being prepared in collaboration with the national food safety organisation Food Standards Australia New Zealand demonstrating the industry sector is conscious of the significance of food safety risk minimisation and is trying to help stallholders and market managers uphold relevant standards to ensure safety for consumers. There were also examples provided to this study where some markets provided information packages, held training and/or information sessions to help reduce the risks of food safety breaches. This sort of proactive approach will position farmers' markets well and will be an ongoing role that needs to be sustained.

**Figure 49 Confidence of farmer and food business stallholders and market managers on minimum health and safety requirements being met at their farmers' markets**



### Quality, fresh and value added produce

A key attribute that makes a farmers' markets appeal to consumers is its ability to deliver fresh, local and seasonal produce and specialty value added products. This delivery of quality, fresh and seasonal produce is highly valued by customers both within Australia and internationally and is the most significant driver reported for consumers utilising farmers' markets.

The Victorian Government's Outer Suburban/Interface Services and Development Committee (OSISDC) 2010 Inquiry into Farmers' Markets reported one of the main reasons that people shopped at farmers' markets was because it provided them access to food that was likely to be fresher than obtained from other sources (OSISDC, 2010).

There have also been several studies examining consumers participating in various Australian farmers' markets. For example, in 2010 the VFMA undertook a consumer survey of just over 1000 consumers across 10 farmers' markets covering rural and metropolitan areas. 89 per cent of consumers in this research study identified "produce and food related reasons" for shopping at a farmers' market. This included freshness and quality of produce, availability of organic food and availability of unique foods not found in other market channels (VFMA, 2010).

These findings align with other market-based consumer studies both domestically and internationally. For example, in customer market research for the Northern Rivers Farmers' Market Network in the

northern New South Wales area, 52 customers ranked the importance of attributes of farmers' markets the top two being<sup>6</sup> (Sinclair, 2011):

- Quality (rated an average 4.77), and
- Freshness (rated an average 4.75).

International studies have also identified “quality” and “freshness” as key attributes driving people to participate in farmers' markets in the United States and Europe (Vecchio, 2009). This is illustrated in a study in California which sought information on consumers' desires for their produce rating “fresh looking” (4.71 out of 5), “fresh tasting” (4.61 out of 5) and “high quality product” (4.44 out of 5) the highest out of all desired characteristics for their produce (McGarry et al 2012).

This research study sought information from farmers and food business stallholders and from market managers regarding what they believed the customers at their market identified as important. Farmers and food business stallholders and market managers rated the same top six attributes (Table 5). The top three ratings were consistent between the stallholders and market managers, being *quality of produce, fresh produce* and *buying directly from the producer*.

**Table 5 Top 6 rated attributes of what farmers and food business stallholders and market managers think their customers view as important**

| Top 6 rating<br>from<br>farmers and food business stallholders | Top 6 rating<br>from<br>market managers                      |
|--|--|
| 1. Quality of produce  | 1. Quality of produce  |
| 2. Fresh produce   | 2. Fresh produce   |
| 3. Buying directly from producer                               | 3. Buying directly from the producer                         |
| 4. Supporting local producers                                  | 4. Social interaction  |
| 5. Having opportunity to learn about produce/produce           | 5. Supporting local farmers                                  |
| 6. Social interaction  | 6. Having the opportunity to learn about the produce/product |

The stallholders and market managers are clear on the customer preferences and desires and that this knowledge shapes their collective promotions and branding of produce, stalls and farmers' markets.

Farmers' markets compete with other food retail avenues for consumer purchases. Retailers are constantly tracking trends and making significant marketing and public relations investments to source and present their food and to ensure that it is of the highest quality and freshness as well as supporting Australians and locals. Examples of this include slogans and campaigns such as:

- Woolworths – *the Fresh Food People*
- Coles – *Aussie made and Aussie Grown*, and
- IGA – *How the locals like it*.

A challenge for farmers' markets is to differentiate its products from other distribution channels: what are the differentiating features and what opportunities are there to promote these to current and potential customers? How can stallholders and farmers' markets collectively work together to differentiate their features and benefits and promote this to the community? Or should individual markets and individual stallholders customise their approach depending on their location, outlet

<sup>6</sup> Ratings were out of five where five was high and 1 was low.

density in relation to other farmers' markets in close proximity, demographics and target audience in their area and the preferences and style of the community? Future marketing studies may address questions about differentiating features.

## Value

This core requirement for consumers recognises that products on sale at farmers' markets must provide value to consumers. This section explores value that can be provided by farmers' markets.

A Global Nielsen Consumer Report "found overwhelmingly that 85 per cent of the world's consumers ranked good value for money the most important consideration when choosing" where to purchase their groceries (Nielsen, 2008).

The Australian Centre for Retail Studies' Australian Consumer Trends report also identified value for money as an important attribute shaping most consumers' purchasing behaviour, including where consumers shop, time of the week they intend to do most shopping and what they will purchase (ACRS, 2010).

Specifically in reference to food, the South Australian Food Centre, a body set up in 2008 to provide strategic market analysis of food sector and markets, identified that "Australian consumers are very conscious of price and will undertake comparisons" prior to making purchasing decisions (SA Government, 2010).

What constitutes value is difficult to define but tends to include actual costs paid compared to what the consumer believes they could pay for the product at another distribution channel. This actual price paid is linked with less tangible factors such as perceived quality of the produce, convenience or other benefits it may provide them as well as any benefits they perceive others might receive as a result of them purchasing the product. As noted in consumer trends in Australia (also noted in previous chapters related to demand for produce), the growing trend in local, green and socially conscious consumers are increasingly likely to consider other qualities beside price when making purchasing decisions than that of the value customer who is likely to rate actual price and convenience more highly.

The South Australian Food Centre (2010) states:

"While supermarkets hold substantial market share across all grocery sales, the market share across fresh food outlets highlight that convenience and potential price savings are not the only features that consumers value... Service, trust and support for local businesses are all values that consumers have shown to be willing to invest time and dollars in sourcing food."

Farmers' markets are well placed to offer quality foods as well as good service and options to support local business.

The VFMA 2010 market research identified that three quarters of shoppers agreed with the statement "the produce sold at farmers' markets generally offers good value for money" (VFMA, 2010). However it is acknowledged in this report that this research was asking shoppers who already shopped at farmers' markets.

International research in the United States by Wolf et al (2010), which involved a detailed consumer study to understand the profile of farmers' market shoppers, identified that consumers' top three reasons for shopping at a farmers' market were "fresh looking and fresh tasting, high-quality product and good value for money." Similar results can be found in other United States' studies as well as studies of farmers' market consumers in Canada and the United Kingdom.

Comments received from stallholders and market managers in the online survey for this research study suggested that in some areas stallholders are setting prices for their products that are too high. Some stallholders expressed concern that unrealistic pricing can deter or turn-off potential repeat

customers. It was suggested that advice or guidance on setting prices of products at stalls, along with feedback to stallholders at the market on the price of their products, could be a beneficial resource. Example of comments, include:

“Some markets are seen as having expensive produce – try to get a good range of stallholders with different price points to help consumers here.” Stallholder

“Police prices as some charge a stupid price for products.” Stallholder

“More realistic pricing – some sellers are far too high priced.” Stallholder

“Price charged for some produce is unrealistic.” Market Manager

“Where a market’s stalls charge too much or prices well over retail cost for the same produce, this results in customers perceiving that farmers’ markets are only for the wealthy and elite. This is something we need to manage as it affects perceptions of all farmers’ markets not just the market and stalls charging high prices.” Market Manager.

Overall, customers shopping at farmers’ markets in Australia are usually not looking for the cheapest product. The Victorian Government Inquiry stated that “people generally do not shop at farmers’ markets for inexpensive food.” However, evidence suggests that if the prices at a farmers’ market are overall considered too high it is a factor that will turn-off customers. Farmers’ markets need to ensure diversity of products and diversity of price on those products to ensure they appeal to a broader customer base and do not unintentionally turn-off potential customers.

## **Accessible and convenient access**

Consumers in Australia increasingly want flexible and convenient access to retail outlets, particularly to purchase their groceries. In relation to farmers’ markets, this core requirement of consumers covers the following aspects – venues and their facilities, location, timing of the markets and the products available.

This study has not undertaken detailed analysis on venue and the facilities available at farmers’ markets. Based on feedback from stallholders and market managers, most venues are in central locations and the available facilities for customers vary widely. Several people noted the need to ensure that there was sufficient parking available and consider ways to manage overflow at key times during market operations. Some felt that this had the potential to turn some customers off participating in the market. Other convenience facilities were recommended for improvement, such as access to eftpos facilities and better parking for customers.

Bad weather was identified as a risk for farmers’ markets, particularly for open-air markets, but other markets as well. Bad weather was noted to impact customer participation, which in turn impacts stallholders’ sales and the value of the market day. Stallholders and market managers rated it as one of the top two risks they had experienced in relation to their participation in farmers’ markets over the last 12 months. Stallholders and market managers made suggestions in the survey for sustainable markets to consider setting up “all-weather venues” to ensure customer accessibility and convenience during marketing times did not result in a disincentive to participate.

Farmers’ markets are generally open set hours every week, fortnight or month. When comparing this to other retail options available to consumers, which are open daily for long hours, this creates some limitations for accessibility and convenience of farmers’ markets for consumers. Several stakeholders provided feedback that the timing of their market aimed to align with available and preferred times for customers in their area to participate; hoping that the limited operating hours of the farmers’ market could be set at a time and in a location that maximised the number and type of customers able to attend.

Timing of farmers' markets is probably the most challenging attribute for both consumers and stallholders in the conceptual framework developed for this research study. Competing against major retailers who are open for longer hours in accessible locations compared to the weekly, monthly or seasonal operations of farmers' markets, make it important to promote the farmers' market and help people to differentiate the benefits of shopping at a farmers' market compared with other avenues. This finding aligns with the study from the United States by Wolf et al (2005) which analysed why customers attend and do not attend farmers' markets. The primary reason given for not attending was "because they are held at inconvenient times and parking is a problem."

In this context, the value-proposition for customers attending the farmers' market during the restricted opening times therefore needs to be strong to attract customers to regularly attend markets and to build this routine food shop into their already busy schedules.

### **Reliable and trustworthy**

The relationship between consumers and retailers and/or producers is important and influences consumer purchasing decisions and behaviour. This section considers reliability and trustworthiness of farmers' markets from a consumer perspective.

Consumers are increasingly demanding information about the entire lifecycle of products and at times more information is needed about the people and region that grow, raise or make the products that they are purchasing. Product differentiation and branding is a key opportunity to build reputation, brand loyalty and trust of consumers (ACRS, 2010).

In relation to farmers' markets, this reputation, branding and loyalty brings both opportunities and challenges. Two aspects of reputation and branding for farmers' markets need to be considered:

1. Farmers' markets as a consumer distribution/ retail avenue nationally or by jurisdictions, and
2. At the individual market and stallholder level, the opportunity to customise and brand, build reputation and loyalty, and increase customer base.

If a market is to call itself a "farmers' market" the question is whether this should have a consistent meaning for the consumer. For example, if someone shops at a farmers' market in one location should they expect the same approach, standards and types of services at another location.

This is a choice for farmers' markets, as a collective group of distribution channels, based on an assessment of:

- Whether what can be achieved by working together and being consistent is better than what can be achieved through an individual customised approach
- What are the costs and approaches that could enable effective and consistent collaboration of groups of farmers' markets, and
- What are the opportunity costs or risks for individual markets if a collective approach is taken?

As part of this research study, two key themes emerged in relation to the authenticity of farmers' markets. Firstly, the issue of reselling and secondly, issues around local or geographic areas and boundaries confining limits to eligible products sold at the market, or product sources from which other products are value added.

Reselling, or also sometimes referred to as on-selling or being an agent, is reported as an issue by farmers' market managers, stallholders and community and local government participants in this research study. Products sold at farmers' markets intend to be from the producer or maker direct to

the consumer, cutting out wholesalers or other parties. Some comments from stallholders in relation to reselling and customers include:

“From the customers’ point of view: people are born sceptics these days. They want to be assured that what they are buying at a farmers market is from the farmer. That is THE point of difference that gets them out of the supermarket. If a market or stallholder breaks that trust the customer has put in the market, because they believe they are buying from a farmer direct, that market becomes its own worst enemy.”

“The customers need to know this information and it is essential that as a brand we have the same values and standards across states, territories and as an Australian umbrella.”

“We are not sustainable if we don’t include resellers in our market as our genuine customers want more from the same shopping trip.”

“With growing competition and consumer vigilance, it is becoming increasingly important to prove our credentials and explain and be able verify our points of difference/strengths as farmers’ markets.”

“We have a few resellers – i.e. our organic farmer travels a long distance and brings organic produce from his neighbour, therefore he is a reseller, but this is the only viable option to come to a metro market.”

These sorts of comments illustrate the differing views and perspectives of current market participants. Underlying the comments is a view that transparency for the customer is paramount.

There are a range of reselling approaches being used in markets as reported in this research study. Some examples of these include an individual purchasing products from a wholesale market and reselling the products at a farmers’ market stall; people directly sourcing product/s from farmers or makers and bringing it to market to sell at a stall; or even a farmer or value adder sourcing additional produce from neighbours or others to complement their own products at their stall.

When is reselling under the guise of coming direct from the producer or maker a problem? Are the questions in relation to when are consumers actually being misled and/or do consumers care if there are resellers at the market if they can differentiate them from farmers and makers of produce?

No detailed findings on consumer reactions to reselling were found during this research study. However, based on consumer research one of the important considerations for any retail outlet is the need to be able to obtain the consumer’s trust and this is in part delivered through quality, transparency and integrity. Branding, labelling and the relationship with the customer are key components for delivering transparency, integrity and trust.

If a consumer unknowingly buys from a reseller at a farmers’ market and then finds out that they did not buy from a farmer, trust could be broken and potentially damages the reputation of the farmers’ market “brand”. There is also potential for confusion and lack of differentiation from other distribution channels from the consumer perspective. For example, Sarah Johnson from the US Farmers Market Coalition considered the same issues occurring in the US and noted that consumers were confused about what farmers’ markets were and as the words *farmers’ markets* were being used by many different entities and retail businesses the challenge of identifying the point of difference of authentic farmers’ markets for customers was challenging (Farmers Market Coalition, 2010).

From a consumer perspective in relation to reselling, the key requirement identified in this research study is to ensure that if reselling occurs it is done in a transparent manner that enables a consumer to make choices to suit their circumstances and preferences.

Transparency could be achieved through labelling of stalls and products and alerting consumers to what to look for. Alternatively, farmers’ markets as a collective could set a standard and

communicate this to consumers so consumers know what to expect and look for. Farmers' markets collectively need to determine whether they should set consistent guidelines (a code of practice) and goals in relation to operating practices and importantly use these agreed operating guidelines to communicate to consumers so they understand what to expect.

A code of practice not only needs the agreed standards and a good understanding about how it is going to be implemented within farmers' markets and any enforcement approaches, it also must include a sound communication and public relations strategy to make it worthwhile. It follows that there is little point in investing significantly in a code of practice if the consumer is not aware of the difference of a market that has adopted the code against those who haven't. Therefore, in thinking through any potential code of practice it is important to think holistically about factors and resources required to not only implement but also communicate the standards to ensure the full benefit of such a scheme is to be realised.

The VFMA has adopted a code of practice approach through an Accreditation Program which guides consumers about whether a farmers' market is practicing by agreed rules and helps them to differentiate the stallholders at the market. The VFMA states that their "*Accreditation ensures a solid basis of quality, integrity and fairness for all.*"

The VFMA market research in 2010 sought information from consumers on the importance of their accreditation approach. 93 per cent of consumers rated accreditation of the market as very important or important to them.

Other states and areas have their own definitions of what constitutes a farmers' markets and have less formal systems of encouraging consistency. 60 per cent of market managers who participated in this research study reported that their markets were governed by an authentication or accreditation scheme and 10 per cent reported that they were developing one. All the Victorian market manager respondents identified that they adopted and promoted the VFMA scheme. Of the other jurisdictions, 45 per cent reported that they had a customised scheme and 10 per cent had an informal approach and hands-on market management that didn't require a formal scheme, and 3 per cent had very loose schemes.

Over 75 per cent of market managers identified that they thought there was a demand or need for an authentication scheme for farmers' markets in Australia (Figure 32 on page 35). The views differ on what should be included and how it should be implemented. Some comments from market managers which demonstrate the varying views are:

"We genuinely agree that an accreditation scheme needs to be introduced but it should be at the local level. We do not believe a central system will add any value to what we actually do, except draw resources from the market. Self-regulation is best and this depends on your starting point. That is what is your definition of a Farmers' Market and why are you in the Farmers' Market business."

"Customers need the assurance the market is a genuine market. However, in our case, our market is in the very early stages of growth and our priority is to encourage growers to produce and participate, so additional cost to stallholders may be a negative and impractical factor."

"I think it's probably not a bad thing; however, if there are market participation rules in place, then it's up to the market manager to ensure that the market remains authentic. We don't have a problem in our region. Our rules are strict and we are strict. We may have smaller number of participants but they are the producer and are working with a producer to prepare local product."

"It is important to know that the product on sale is in fact authentically grown/ produced by the stall holder as the primary producer and not simply as an on-seller. Markets should be focussed on supporting the small producer and ensuring they are the ones who get the true \$\$

value of their hard work. Without accreditation the product for sale could be coming from anywhere and not in fact supporting local farmers.”

Previous studies such as Coster & Kennon (2005) also identify a demand or need for proving the integrity of produce sold at farmers’ markets. The Australian Farmers’ Markets Association, in developing their 2014-2016 Strategic Plan, are working with state and territories regarding the possibility of developing a national approach and how this could be achieved.

It appears that there is support to clarify farmers’ markets from the consumer perspective but gaining agreement on what minimum standards or requirements are and identifying a cost-effective and practical system that is supported by all will be highly challenging for the sector. Attracting the resources to communicate and effectively promote the differentiation of a farmers’ market at a national level is not a guarantee and may prove challenging.

## Consumer options or preferences

### Positive for Health

Internationally, consumer health and wellbeing trends have moved beyond small pockets of consumers into mainstream purchasing behaviours (ACRS, 2010). Health and wellbeing is intrinsically linked with environmental concerns and other social conscience areas. This section explores aspects of farmers' markets from a health perspective.

There is evidence that farmers' markets can provide health benefits through, for example:

- Increasing accessibility of fresh, seasonal and local food for communities
- Educating consumers about food, its nutrients and health qualities
- Improving consumers knowledge about different produce available and encouraging them to try new healthy foods, and
- Through improving wellbeing and social connectedness.

When asked what the primary needs that drove the establishment of the farmers' markets, a third of market managers and community representatives nominated the need for an alternative avenue to provide consumers and communities with fresh, local, seasonal and nutritious food as the primary need. They also reported that they felt farmers' markets had successfully responded to this need.

Farmers and food business stallholders identified that they perceived the highest ranked attribute of the farmers' market to be the ability to directly interact with customers. This research study suggests that there are two-way benefits from this interaction where customers value the ability to find out where the food comes from and how it was grown or made, health attributes of the food and how they can use it (e.g. recipes, how to cook it, ways to store it).

AFMA and other industry supporters also report the value in reconnecting customers with how their food was made and one of the benefits of this reconnection is health related. Consistent with this, the economic assessment of farmers' markets in the United Kingdom by Bullock notes that farmers' markets have been proven to "have strong educative value in putting people in touch with where their food comes from, who grows it, and how it is grown" (Bullock, 2010).

Payet and her colleagues in 2004 considered economic, environmental and social aspects of farmers' markets using the Gascoyne Growers Market as a case example. The consumer survey undertaken as part of the Payet et al (2004) study identified increased fruit and vegetable consumption by farmers' market shoppers with "over two thirds of people (71 per cent) said they were eating more fruit and vegetables with over a quarter (27 per cent) increasing consumption by more than 40 per cent."

This observation of increased fruit and vegetable consumption aligns with international research from the United States and Canada. For example, Govindasamy and colleagues' research into New Jersey farmers' markets found that over a five year period participating in farmers' markets, approximately 75 percent of consumers had increased their intake of fresh fruits and 80 per cent had increased the diversity of the fruits that they ate (Govindasamy et al 1998). They also increased their vegetable consumption in a similar manner.

The National Health and Medical Research Council as part of the Australian Dietary Guidelines (2013) noted several studies examining health improvements resulting from increasing consumption of vegetables and fruits. For example, they cite benefits related to cardiovascular disease, type 2 diabetes, obesity and lung cancer (NHMRC, 2013).

A 2013 consumer report by Technomic defines what over 1500 United States' consumers interpret 'health' to now be "strongly associated with 'local', 'natural', 'organic' and 'sustainable' food and drink" (Carey, 2013).

This study agrees that there is evidence to support health benefits that farmers' markets can provide consumers and the communities in which they are based. Farmers' markets are the facilitator of:

- Delivering improved access to quality, fresh, healthy and local foods
- Enabling two-way communications and connections between consumers and stallholders, and
- Making a contribution to community health and wellbeing.

It is worth questioning what triggers someone to go to, or switch, their shopping preferences to a farmers' market in the first place. Once someone becomes a regular shopper at a farmers' market there is evidence that there is health benefits but what influences them to attend in the first place may need greater consideration to help local governments and communities to embrace farmers' markets as a tool to deliver a range of desired community outcomes.

## Positive for the Environment

The growing environmental consciousness of consumers and the need to continuously improve sustainability of production is an important consideration for consumer and communities. This preference considers farmers' markets from the perspective of providing positive environmental attributes from the consumers' point of view.

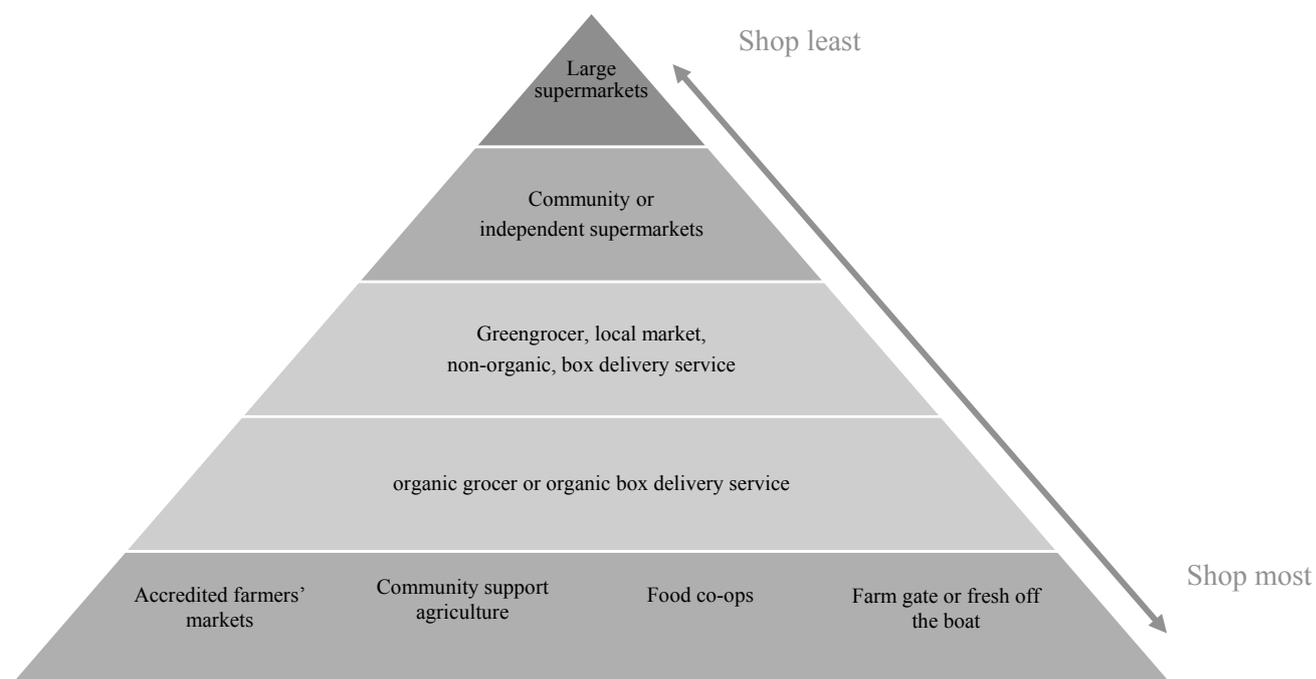
As noted in the summary of key consumer trends referred to in the previous chapter (related to demand for produce and products from a stallholder's perspective) there is a growing interest in green consumers who are increasingly interested in the environment, how their food was produced, who and what was impacted and how the food got on their plate. According to the Australian Centre of Retail Studies (2010) this growing interest "is becoming a sizable and lucrative target market, particularly in North America, Western Europe, Japan and Australia."

Key attributes of the environment that consumers are interested in include:

- How naturally the food is produced (what chemicals or other inputs were required to make the product and what impact do the production processes have)
- Packaging and minimising waste, and
- Transport requirements (e.g. carbon footprint or food miles).

Farmers' markets have opportunities to demonstrate sustainability credentials across all of these areas and are positively viewed as a more sustainable food production system. For example, Sustainable Table, an Australian not-for-profit organisation, has developed an ethical shopping pyramid to guide consumers to improve their health and the environment (Figure 50). Farmers' markets are presented positively for their ability to provide sustainable, locally made and produced, organic or low chemical usage products.

**Figure 50 Sustainable Table's Ethical Shopping Pyramid**



Source: Sustainable Table, 2013

The Victorian Government Inquiry (2010) identified that one of the reasons people shop at farmers' markets is due to their interest in supporting the environment with farmers' markets playing a role in enabling access to food that was produced and delivered with reduced environmental impacts (e.g. through reduced packaging, storage and transport).

Farmers and food business stallholders participating in farmers' markets are likely to have mixed credentials and demonstrable sustainability practices. This is similar to those servicing other distribution areas. It is not that they are not producing their products in a sustainable manner but it is unlikely that they are producing them more sustainably than the industry sector as a whole.

Similar to a comment made earlier in this report in relation to the core requirements, 'products are safe and legal', the accessibility of farmers' markets for farmers and food business stallholders is part of its appeal and value. However, what comes with this is a wide range of skills, capacities and production practices including those that relate to sustainable practices. Some stallholders will be at the top of environmental sustainability best practice from paddock to plate, while others may be below par.

This is not something that needs, or in many cases, is able to be policed. However, given the positive connotations associated with farmers' markets when considering environmental attributes it is worth the sector sharing information and knowledge and encouraging all producers to continuously improve in this area. Working to promote these environmental credentials to consumers and getting them to think positively about farmers' markets in this regard is positive for the distribution channel.

There are examples of positive changes being made by stallholders in relation to sustainability. This includes approaches to packaging and waste. Several examples were provided on how, having received feedback from customers in this area, stallholders had changed their packaging to make it more sustainable, and enhanced information on the labels in relation to the environment. In a Canadian consumer study they identified that "decreasing the use of packaging by food manufacturers was viewed as being the most important item to help the environment" (BCA, 2012) The farmers' market environment enables consumers to make a choice on a range of packaging options.

In comparison to other distribution channels, products sold at farmers' markets tended to travel shorter distances. Based on the carbon or food miles concept there is likely to be reduced energy consumed to transport the product to the consumer. Market managers estimated that 56 per cent of stallholders travelled 100 kilometres or less to get their product to the farmers' market.

Farmers' markets do have the potential to offer environmental benefits. However, given the increased scrutiny customers are placing on particular products and practices, caution is advised on how far farmers' markets promote this aspect, given the challenges in proving the credentials. It is recommended that promotion of environmental aspects of products should be done at the stall level.

## **Support for people (including communities and industries)**

This consumer preference the role farmers' markets can play in helping consumers support their local community and particular types of people or industries.

Consumers are increasingly interested in supporting local people, businesses and community. For some consumers consider "local" to be their immediate community and for others it is the entire country. Regardless, this growing trend is not only being observed in Australia but also internationally.

### **Localism**

The Australian Centre for Retail Studies (2010) states that "by switching to local produce, consumers not only expect better tasting quality, but are also trying to help their local economy, community and environment."

Farmers' markets can fill an important role in this regard by bringing a range of local products to one place, making it more convenient for consumers to access them and to provide information on how they were made. The VFMA market research (2010) reported that nearly a third (29 per cent) of consumers participated in the farmers' market due to *environmental or social responsibility reasons* including the opportunity the farmers' market provided them to directly support farmers and help farmers maximise returns, support local community and reduce food transportation distance or food miles.

Farmers' markets need to continue to consider ways to tactically position themselves to take advantage of the consumer trend to purchase local if they want to maintain or increase their market share of food distribution in Australia. Farmers' markets are unique in this way, with the opportunity for direct interaction with local producers being a distinct point of differentiation that should be exploited.

Main retailers are, and will continue to, position themselves to respond to this local consumer trend. There is significant branding and packaging in main retail chains and other markets promoting local produce and particularly the fresh attributes of their produce.

Farmers' markets need to be able to compete and position themselves to differentiate their produce and products compared to other retail outlets. For example Box 3 outlines an example initiative of Coles to attract local products onto their shelves.

### **Box 3 Coles example of tactics being used to attract more local products**

Coles introduced 'Meet the Buyer' events in mid-2012 in an effort to source more local products after consumer research showed that almost 70 per cent of Australian want more Australian made products. They have had these events in most capital cities and have reported to have attracted over 120 new local products to their supermarket shelves.

In relation to a 'Meet the Buyer' event being hosted in Melbourne in October 2013 Mark O'Connor, Coles State General Manager said "Consumers across Australia are passionate about supporting local producers and Victorians are particularly loyal about home-grown products and local brands" and "Increasingly, they want locally-produced food because they also consider it fresher and safer" he said."

Source: Langley 2013

### **Social benefits of farmers' markets**

A range of Australian studies have identified social benefits resulting from farmers' markets. These have included their ability to, but not limited to:

- Play a role in revitalising towns, regions and public spaces
- Help people within and between communities connect
- Link consumers with farmer and food producers
- Create a positive informal learning environment for people to learn and connect with food, how it is grown and its health qualities
- Fundraise and promote local community organisations
- Provide opportunities for young people and schools to engage with food production and small business, and
- Encourage healthy diet and change.

The social benefits will differ widely depending on drivers for the market being established, the goals it sets itself and how it is operated and managed. This research study heard many positive examples of how the market had contributed to a local area's unique circumstances.

The survey of market managers and community and local government representatives asked what they thought the primary needs for the farmers' market were. The following drivers or needs were reported (in rank order of responses):

- Provide an alternative avenue for consumers and communities to access fresh, local, seasonal and nutritious food
- Provide a viable avenue for farmers to sell their produce
- Encourage enhanced community wellbeing
- Revitalise community economy and assist regional development
- Promote region and local agriculture
- Increase viability of farms and rural lands, and

- Other, which included responses around educating the consumer and community on food, linking farmers to customers, raising money for community group, demonstrating improved sustainability and helping new entrants.

85 per cent of market managers and community survey respondents reported that the farmers' market effectively responded to the needs that drove their market's establishment and were positive about the role the market played.

Examples of feedback provided by community and local government representatives regarding the benefits of farmers' markets are presented in Box 4.

**Box 4 Community and local government comments relating to social benefits provided by farmers' markets**

|   |
|---|
| <p><b>Enhances community wellbeing</b></p> <p>“Sense of connection – to place and to the local produce.”</p> <p>“It encourages social cohesion and participation and food security as more participants in the food 'system'.”</p> <p>“Connectedness with community.”</p> <p>“Builds community spirit.”</p> <p>“A stronger community that understands the connections between consumer and producer.”</p> <p>“Sense of great community pride that our town has a market that is envied by many; a market that is truly local and farmers who farm with integrity and care for their land.”</p> <p><b>Provide and avenue for farmers to sell their produce</b></p> <p>“Outlet for farmers to sell their produce and achieve greater returns than selling to one of the big retailers.”</p> <p>“Provides the ability for producers to sell their produce.”</p> <p><b>Promote region and local produce</b></p> <p>“Adds to reputation as food producing area.”</p> <p>“Promotion of local agriculture to the community.”</p> <p>“An image of being a vibrant and confident community.”</p> <p>“Knowledge hub of local produce and industry.”</p> <p>“Adds value to tourism product and offer”</p> <p><b>Linking producers with consumers</b></p> <p>“Connectedness with primary producers.”</p> <p>“Allows meeting the maker.”</p> <p>“Community embracing the farmer and what they do; appreciating and supporting them to continue feeding them.”</p> <p>“The opportunity for buyers to communicate with farmers and learn more about their work.”</p> <p><b>Other</b></p> <p>“Social interaction, awareness, forum for health and wellness.”</p> <p>“Education about (local) food systems and local economies.”</p> |
|---|

This research study generated interest from some local governments seeking advice on potential benefits and costs of farmers' markets and questions about whether, if they were to set up a farmers' market, there was information available on how to establish a market that would best service their needs. This researcher was informed of a tool developed by the Northern Rivers area that could help communities consider farmers' markets. This sort of resource could be shared with other areas.

### **Community economic benefits**

There has been limited economic assessment of farmer' markets in Australia. This section provides a snapshot of some of the reported economic contributions that farmers' markets make. Discussion about economic aspects for the actual farmers' market participants (i.e. the stallholders) is in Chapter 8.

The VFMA Market Study (2010) reported that the average shopper spend in a farmers' market was \$70 per shopper, and based on an estimated number of customers shopping in their markets, calculated that the farmers' market would contribute \$2 million into the Victorian economy each week. Coster & Kennon used the LaTrobe University REMPLAN modelling program to estimate that the contribution of farmers' markets across Australia would be around \$80 million (in 2004-05).

Assuming the farmers' market is operating effectively and is attracting customers then it is likely to bring in revenue to the broader community. However, a key question asked from a local government and community perspective is whether it will negatively impact on other businesses in the area. Coster & Kennon reported that farmers' markets were mostly complementary to nearby retailers with farmers' market shoppers also making other purchases in the area on the same day. Further investigation of the economic benefits of farmers' markets could be undertaken, with caution to differentiate rural and regional markets from metropolitan markets.

As part of this research study, contact was received on several occasions from communities or local governments interested in farmers' markets. Key issues a community might want to consider in relation to a farmers' market in their area include:

- Will it bring in revenue to our community? If so, how and how much?
- Can it be self-sufficient or will it need assistance to run in the future and what sort of assistance?
- What sort of impacts may it cause other businesses in the area?
- As a community what are the likely net benefits of having a farmers' market?

The Northern Rivers Regional Development Board established a tool kit which could be used by other councils to help make appropriate decisions about their food system and farmers' markets (<http://rdanorthernrivers.org.au/food-futures-council-resources/>).

# 10. Implications

Farmers markets can be viewed as a ‘facilitator’, ‘vehicle’ or ‘enabler’ to deliver a range of services to farmers, food business stallholders, consumers and communities.

Drawing on the analysis frameworks developed for this research study, the following tables provide a summary of the key findings against each of the core requirements for stallholders and for consumers participating in farmers’ markets.

**Table 6 Summary of farmers’ markets for farmers and food businesses against framework attributes**

| Core Requirements                                 | Assessment of farmers’ markets for farmers and food businesses  |
|---|---|
| <b>Viable product distribution option</b>         | <ul style="list-style-type: none"> <li>• Current stallholders identified farmers’ markets as a viable and reliable distribution option.</li> <li>• Farmers’ markets tended to be built in as an important distribution option for farmers and food businesses. Very few farmers and food businesses solely used farmers’ markets as their only distribution channel, this was confirmed with only 7 per cent of those producers surveyed only using farmers’ markets.</li> <li>• 85 per cent of market managers rated their market as sustainable and 91 per cent believed their market would be operating in 3 years.</li> </ul>   |
| <b>Sufficient demand for produce and products</b> | <ul style="list-style-type: none"> <li>• There was positive demand for products sold at farmers’ markets and for participation in markets. There is an ongoing need to promote farmers’ markets to maintain, and where possible, increase customer participation.</li> <li>• Metro markets were regularly cited to have more reliable demand for produce and products sold at farmers’ markets. The participation and value from a stallholder perspective of rural and regional markets differed widely with some reporting the challenge of different demand requirements and willingness to pay.</li> </ul>  |
| <b>Growth Opportunities</b>                       | <ul style="list-style-type: none"> <li>• The farmers’ market is a low risk environment to introduce new products and test different packaging, branding, portion or product sizes. The direct customer feedback the market provides is a good environment for business incubation and for products from new and emerging industries.</li> <li>• Nearly 70 per cent of farmers and food businesses rate farmers’ markets as either important, very important or critical in enabling contacts for sales outside of markets. The market provides the opportunity for farmers and food businesses to showcase their produce as well as demonstrate how it can be cooked, eaten and or stored. This showcase opportunity has been reported to attract a range of flow-on sales. For example, chefs and restaurants may seek to directly source produce and customers may source produce the farm gate or through other avenues due to their experience in seeing and potentially tasting the products.</li> <li>• An issue emerged about increased competition between farmers’ markets with claims that some farmers’ markets are less viable since the introduction of newer markets within a similar area. The goal should not be about growing the number of farmers’ markets within Australia, rather growing the market share these markets can obtain of the total food distribution.</li> </ul> |
| <b>Economic returns</b>                           | <ul style="list-style-type: none"> <li>• Nearly 80 per cent of farmers and food businesses reported that they made a profit through their farmers’ market stall. There would be value in further studies to investigate the profitability of farmers’ markets compared to other direct market options and other options more generally. This could potentially be a differentiating feature of farmers’ markets that could be used to attract new stallholder participants.</li> </ul>  |

| Core Requirements | Assessment of farmers' markets for farmers and food businesses |
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|  |   |
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|  | <ul style="list-style-type: none"> <li>Reference was particularly made with regard to good returns that could be made from metro or city markets as the customers were interested and willing to pay for the produce. A significant number of stallholders questioned the viability and sustainability of smaller Reference was particularly made with regard to good returns that could be made from metro or city markets as the customers were interested and willing to pay for the produce. A significant number of stallholders questioned the viability and sustainability of smaller regional and local community markets for their business. Many reported that they participated in their local market to be loyal to their community which provide other social benefits.</li> </ul> |
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|   |  |
|---|--|
| <b>Ability to diversify distribution channels</b> | <ul style="list-style-type: none"> <li>Stallholders differ in their use of farmers' markets, showing that each has customised their business based on their circumstances and needs.</li> <li>Only 7 per cent of stallholders only use farmers' markets to sell their produce.</li> <li>For those farmer and food businesses that used other markets:               <ul style="list-style-type: none"> <li>35 per cent used only one other distribution option</li> <li>26 per cent used two other distribution options</li> <li>18 per cent used three other distribution options, and</li> <li>20 per cent used four or more other distribution options.</li> </ul> </li> <li>There is a gap in the knowledge around how the farmers' markets are used over time and whether stallholders scale up or back their use of farmers' markets as other market circumstances change and/or as their business grows. It would be useful in any future studies to try and obtain some longitudinal data to understand how farmers' markets are used as a business management tool and a way to diversify.</li> </ul> |
|---|--|

|  |  |
|--|--|
| <b>Direct customer feedback and interactions</b> | <ul style="list-style-type: none"> <li>Farmers' markets create a positive link between producers and makers of food products with customers and the evidence suggests that this interaction has a strong influence on their business, what they produce and how they package and present their products. This was a highly valued aspect of farmers' markets.</li> </ul> |
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|--|--|
| <b>Increased opportunities to control aspect of business</b> | <ul style="list-style-type: none"> <li>Farmers' markets provide an option for businesses to have greater control over what they produce and how they package it. The flexibility of what can be sold at farmers' markets, from market to market, is at the discretion of the stallholder. The market's management may impose requirements but the stallholder has greater ability to influence how it presents its products and which products it brings to the market.</li> <li>This increased control and self-efficacy option that farmers' markets can provide would be similar to what can be provided through other direct market distribution options.</li> </ul> |
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|                                       |   |
|---------------------------------------|---|
| <b>Skill and capacity development</b> | <ul style="list-style-type: none"> <li>Farmers' markets provide a positive environment for informal sharing of information, ideas and tactics. Not all stallholders will actively value or acknowledge that they are building their skills and experiences.</li> <li>Market managers provided feedback on the informal learning and networking opportunities that occurred in and around the market and it was highly valued by stallholders, particularly those seeking to grow their business.</li> </ul> |
|---------------------------------------|---|

|  |  |
|--|--|
| <b>Lifestyle choice or suitability</b> | <ul style="list-style-type: none"> <li>Participating in a farmers' market is not for everyone. The time required to prepare, set up and participate in the farmers' market is significant. Most markets are held on weekends and therefore, timing often conflicts with lifestyle or family circumstances. However, the most common weekend trading of markets can provide opportunities for part-time farmers to participate around their other main employment.</li> </ul> |
|--|--|

**Table 7 Summary of farmers' markets in relation to consumers**

| <b>Attributes</b>                             | <b>Assessment of farmers' markets for farmers and food businesses</b>  |
|---|--|
| <b>Products are safe and reliable</b>         | <ul style="list-style-type: none"> <li>• Farmers' markets are currently viewed positively with regard to food safety. State and territory food regulations help to safeguard products sold at farmers' markets.</li> <li>• This is an area that market participants should continuously improve and self-regulate and work together to share knowledge. This will ensure safe practices are in place and manage any risks as the impact and profile of any safety issues would be detrimental.</li> </ul>  |
| <b>Quality fresh and value added products</b> | <ul style="list-style-type: none"> <li>• This is a core value of farmers' markets and is a point of difference compared to other distribution channels.</li> </ul>   |
| <b>Value</b>                                  | <ul style="list-style-type: none"> <li>• Consumers participating in farmers' markets in Australia are, in general, not looking for the cheapest option, rather they are looking for a range of qualities which farmers' markets can provide.</li> <li>• Consultation for this research study identified that price matching in relation to major retail prices was not a good comparison as what is being compared is often different varieties of produce with different freshness, quality and taste. However, it was noted that there is a need to be priced reasonably comparably to other retail options. Thus the risk of charging too high a price in farmers' markets has the potential to turn-off market customers.</li> <li>• A small number of comments in relation to some stallholders charging too much, or unrealistic prices for products, suggest a need for markets to ensure they have diversity of produce as well as produce at different price points. There could also be value in building capacity of stallholders in setting prices as well as market information on prices being charged for products in other outlets.</li> </ul>   |
| <b>Accessible and convenient access</b>       | <ul style="list-style-type: none"> <li>• Opening hours and timing is one of the most challenging areas for farmers' markets for both consumers and stallholders. Competing against major retailers who are open for longer hours in accessible locations compared to the weekly, monthly or seasonal operations of farmers' markets makes it extremely important to be clear on the value-proposition farmers' markets offer consumers.</li> <li>• In the future, alternative models for delivering access to local, fresh produce directly from farmers may need consideration if there is an interest to grow market share of the food distribution system. The hurdle is how to encourage direct market approaches without reducing the integrity of the system.</li> <li>• Restrictions around venues currently used by farmers' markets and the lack of control of the venue and its facilities were reported as a challenge by several market managers and stallholders and is a potential inhibitor of growth.</li> </ul>   |
| <b>Reliable and trustworthy</b>               | <ul style="list-style-type: none"> <li>• Encouraging growth of "farmer direct to consumer" markets is positive but there is a risk that a farmers' market means all things to all people. The number of different types of markets that identify themselves as farmers' markets has the potential to result in misleading and/or confusing consumers.</li> <li>• For farmers' markets to remain an effective and viable option for purchasing fresh and local produce, it is important that consumers' trust is not broken, particularly as buying direct from the producer or maker is one key differentiation from other distribution options available to consumers. This requires transparency in who produced or made the products and where they were made so that the consumer can make more informed decisions about their food purchases.</li> <li>• A key challenge for farmers' markets is to decide if there is a need, and if there is, ways to self-regulate that can help in promoting and communicating the core values or farmers' market to consumers and help to sell the value add or differentiating features that are so attractive in farmers' markets.</li> <li>• There is broad agreement from market managers, stallholders and community and</li> </ul> |

local government survey participants that there would be value in some sort of national accreditation or authenticity scheme, but there is very little agreement to what such a scheme might look like and how to implement in a way that still allows individual localities the flexibility to adapt the markets to suit their needs and circumstances. The other issue is how to establish a consistent approach that is practical, low cost and achievable.

### Positive for health

- Farmers' markets can be a useful vehicle to increase accessibility of quality, fresh and nutritious foods. They can facilitate two-way communication between consumers and stallholders which can improve knowledge of the food system and the health of foods.
- There examples of tangible changes to the diets of farmers' market customers through increasing their consumption and variety of fruit and vegetables as a direct result of this shopping mechanism.

### Positive for environment

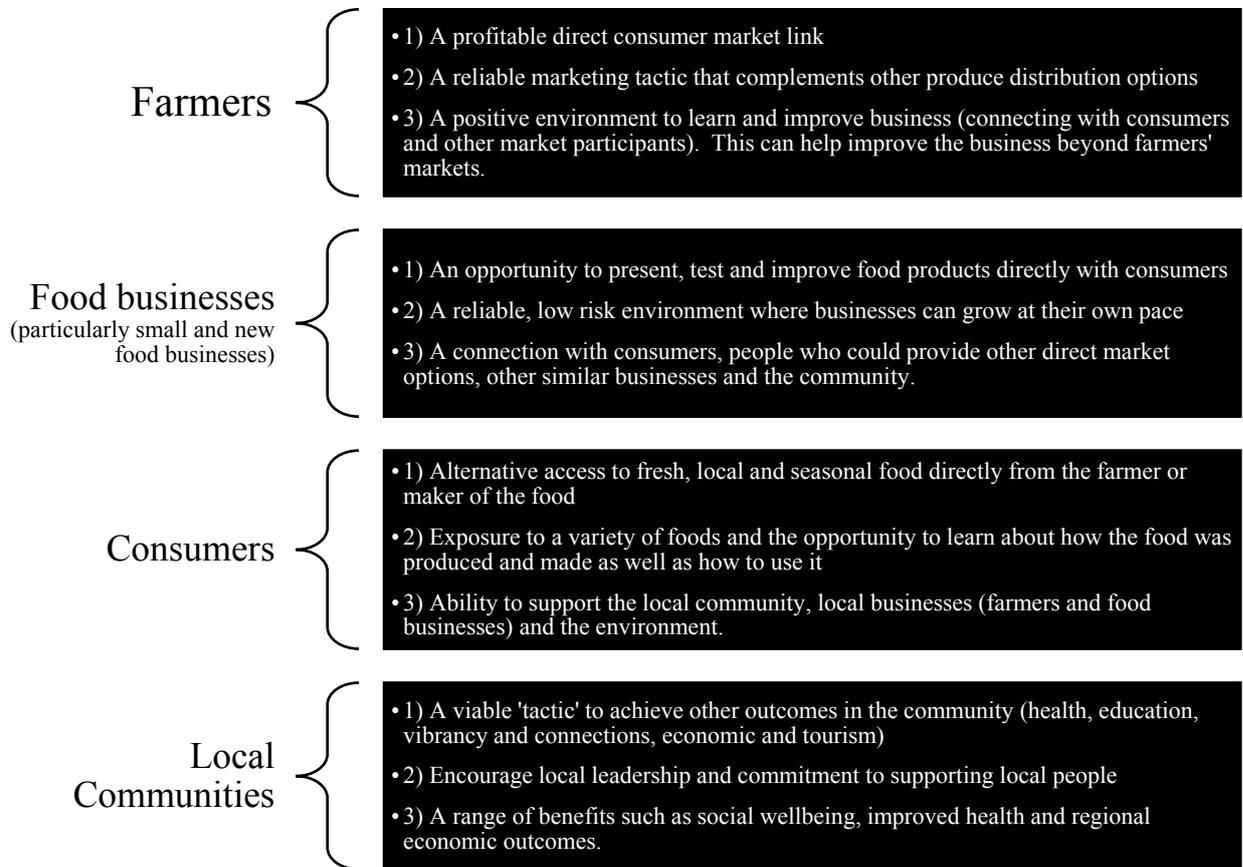
- Farmers' markets have the potential to offer environmental benefits compared with other purchase locations, but given the increased scrutiny customers are placing on particular products and practices, caution is advised on how far farmers' markets promote this aspect as it is very difficult to prove. It is recommended that promotion of environmental aspects of products should be done at the stall level.
- The direct producer to consumer concept will enable reduced travelling of food given the three quarters of stallholders who participated in this research study travelled 100km or less to get their products to the market. Examples were also provided of stallholders who had reduced or changed their packaging to align with their sustainability goals as a direct result from customer feedback.

### Support for people (including communities)

- The Australian Centre for Retail Studies (2010) states "by switching to local produce, consumers not only expect better taste and quality, but are also trying to help their local economy, community environment." Farmers' markets are well placed to play a role in providing local high quality options for consumers but they have significant competition presenting messages to consumers offering a range of products that support local communities.
- Farmers' markets contribute a range of social and economic benefits, including:
  - providing an alternative avenue for consumers and communities to access fresh, local, seasonal and nutritious food
  - providing a viable avenue for farmers to sell their produce
  - keeping investment and resources within the community, and
  - encouraging enhanced community wellbeing and improving health.
- The social and economic benefits differ widely depending on the need for which the market was established, the goals it sets itself and how it is operated and managed. This research study heard many positive examples of how markets had contributed to areas of unique circumstances. If more knowledge is obtained, information could be prepared for local government and communities to identify how a farmers' market might be an option for them to deliver a range of broader community outcomes.

The top three services farmers' markets can facilitate for farmers, food business stallholders, consumers and local governments are presented in Figure 51

**Figure 51 Top three services a farmers' market can offer farmers, food business stallholders, consumers and local communities**



## **Farmers and food business stallholders – strengths and weaknesses**

|  <b>Strengths and opportunities</b>   |  <b>Weaknesses and Threats</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• reliable distribution channel available to directly sell products to customers</li> <li>• farmers' markets are being used as one of several channels to sell produce. They can be incorporated into business plans as part of a 'marketing mix'</li> <li>• farmers' markets are growing and once established are likely to remain a viable distribution channel</li> <li>• nearly 80 per cent of stallholders report positive economic benefits from their participation</li> <li>• provide a low risk environment to grow business, test products and brands</li> <li>• can be a positive learning environment - learning both from consumers as well as other stallholders and market management</li> <li>• opportunity for farmer and business stallholders to make a positive contribution to their local communities</li> <li>• increased control of business, compared with other distribution options that have set standards and quantity requirements</li> </ul> | <ul style="list-style-type: none"> <li>• time required to participate can be high and in some cases was reported to be inconvenient or not possible for some people</li> <li>• weather can create risks for reduced customer numbers</li> <li>• resellers misleading consumers and potentially influencing prices at markets</li> <li>• variability in market management skills poses risks in attracting customers and suitable stallholders</li> <li>• limited ability to influence stallholders who can impact on the reputation and customers' experience at markets</li> <li>• Some rural and regional markets were reported to not offer adequate returns for stallholder participation especially when compared with metro markets that have consumers demanding and willing to pay for particular types of food products (e.g. organic, local product)</li> <li>• Farmers markets are not an option for all farmers and food producers. Farmers' markets manage the product availability to ensure there is value for stallholders participating and wide variety for selection by consumers. In some cases there is not space in the farmers' market for farmers and food producers where others are already providing those products.</li> </ul> |

## **Consumer – strengths and weaknesses**

|  <b>Strengths and opportunities</b>  |  <b>Weaknesses and Threats</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• good access to fresh and local produce</li> <li>• opportunity to explore new and different foods and food related products</li> <li>• learn more about where food comes from and who made it</li> <li>• ability to directly support farmers and food businesses</li> <li>• avenue to connect with the community and support the region (socially and economically)</li> <li>• possible health benefits (e.g. there are examples of farmers' markets increasing availability of fresh, local fruit and vegetable produce and market participants increasing the type and their level of consumption of fruit and vegetables)</li> <li>• opportunities to purchase food closer to its origin, may have less packaging and other sustainability advantages</li> </ul> | <ul style="list-style-type: none"> <li>• convenience of operating hours can limit ability to source required food from farmers' market</li> <li>• weather can impact access and convenience on market day. Weather can also impact the produce available in the region</li> <li>• risks that customers can be misled by assuming all stalls are the producer or maker of produce</li> <li>• assumptions that products are better for health and the environment</li> </ul> |

## **Local communities – strengths and weaknesses**

|  <b>Strengths and opportunities</b>   |  <b>Weaknesses and Threats</b>  |
|--|--|
| <ul style="list-style-type: none"><li>• provide an alternative avenue for consumers and communities to access fresh, local, seasonal and nutritious food</li><li>• provide a viable avenue for farmers to sell their produce</li><li>• can help to encourage enhanced community wellbeing and improved health</li><li>• revitalise community economy and assist regional development</li><li>• promote regional and local agriculture</li><li>• can play a role in revitalising towns, regions and public spaces</li><li>• create a positive informal learning environment for people to learn and connect with food, how it is grown and its health qualities</li><li>• enables community leadership</li><li>• can help raise money for community organisations</li></ul> | <ul style="list-style-type: none"><li>• reliance on public venues and facilities</li><li>• challenges associations with volunteer burn out</li><li>• can require ongoing support and investment</li><li>• there are small risks of food safety standards and minimum requirements being inconsistently applied</li><li>• poor market management</li><li>• some smaller markets are not as profitable for stallholders therefore challenging to attract stallholders to smaller markets</li></ul> |

# 11. Recommendations

This research study has not sought to provide direct recommendations to the farmers' market sector or individual participants. It has identified a range of gaps in knowledge, scope and practice that could help stakeholders plan their future involvement and investment in farmers' markets.

Two key gaps that could be filled through research include:

- **Comparison of various market distribution options available for small to medium farmers and food businesses. Identify ways to develop tactics to optimise when and which option/s could maximise benefits to the agricultural business.**

There would be value in a study that compares farmers' markets with other direct market avenues (e.g. other direct consumer distribution options, retail, wholesale and processing). The analysis should consider the different characteristics, benefits and disadvantages of the various direct market options. This study should compare farmers' markets and other local markets available for farmers and food value added businesses.

A resource could be generated from this analysis to help farmers and food businesses understand how they could tactically include farmers' markets and other distribution channels in their business approach.

- **Consumer study of farmers' markets.**

A consumer perception study of current and potential farmers' market shoppers could be undertaken to help identify the likely future requirements as well as opportunities and risks.

The study should be national and should include both current participants of farmers' markets and those consumers who do not use farmers' markets. This research could be extremely valuable for the sector to consider how to best position itself for future growth.

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## Understanding the characteristics of Australian farmers' markets

By Vicki Woodburn

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There is growing interest in farmers' markets in Australia. They provide a valuable distribution channel that directly links food producers with customers.

This research study aims to take stock of farmers' markets in Australia in relation to four stakeholder groups - consumers, farmers, value added food businesses and local communities. Specifically, this research study considers the strengths and opportunities of Australia's farmers' markets in relation to these four groups. It also considered the potential weaknesses and threats to the success of the farmers' market model.

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