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**INCREASING MARKETING POSSIBILITIES  
FOR DIRECT FOOD SALES AND ITS  
RELATION TO RURAL DEVELOPMENT**

**István Fehér  
Éva Mácsai  
Szent István University, Gödöllő, Hungary**

# Main topics

- Direct sale practice
- Forms of direct sale
- An example of direct sale – Cellar-tour
- Consumer trends
- Instruments of rural development in the service of direct sale
- Legal regulation of direct sale in Hungary

# Direct sale practice

- Definition of direct food sale:
  - Distribution or commercial activity made by local farmers
- Importance of direct food sale
  - Strong competition of the market
  - Strict conditions of the commercial sector
  - Tradition and regulation system of European Union



# Forms of direct sale

- Sale in the own shop or through catalogue
  - Delivery to restaurants and shops
    - (in Hungary not allowed)
    - On-farm sales
    - Roadside stands
    - Local markets
      - U-Pick
      - Mobile shops
    - Internet marketing





# Conditions of direct food sale

- Sufficient labour force, capacity and knowledge
- Producers located near the consumers
- Produce materials of superior quality
- Observe the rules and regulation
- Change consumer consciousness
- Awake consumers buying temper



# Consumer trends

## **Consumer behavior influences the way consumer channel choice**

### *Consumer trends:*

*Buy everything at one place*

*Decreasing consumer trust in mass-produced goods*

*Lack of transparency of the food supply*

*Food scandals...*

### *Consumers are searching for food that*

- are safe to consume and aren't harmful to one's health,*
- are of proved origin, and their producer is authentic,*
- the consumption of which is delightful,*
- and the production of which suits the growing aspects of the environment and animal welfare*

# Why consumer might prefer direct sales than hypermarket sales?

- Combining the buying experience with a pleasant drive away from the city
- Searching for organic products or non-traditional products
- Speaking to the farmers – roots, childhood





# Advantages of direct sale I.

- Assists to local job creation
- Helps retain rural population in rural areas
- Heightens the market share of rural areas in the food chain and in services
- Respects environmental and animal welfare requirements
- Promotes the development of rural tourism
- Can reduce the need for and the costs of transportation



## Advantages of direct sale II.

- Increases consumers' trust and affects public opinion on food production and supply
- Augments farmers' income and reduces the claim for social benefits in rural areas
- Increases the value added of the product
- Differentiates and enlarges the supply of the products
- Helps farmers' marketing orientation
- Heightens farmers' bargaining position

# Cellar-Tour



- Action of the Chamber of Agriculture of Bács-Kiskun County
- Website for farmers to practice direct marketing
- Help for farmers to sell their products
  - 95 farmers, 129 products
- Help for customers to find the farmers



# Instruments of rural development

*Subsidies for small plants, distilleries, bakeries, wine bottling facilities, local markets*

- *2000-2003: national sources – HÍR Program*
- *2000-2004: SAPARD (Special Accession for Agriculture and Rural Development)*
- *2004-2007: ARDOP (Agricultural and Rural Development Operational Program)*
- *2007-2013: NHRDP (New Hungary Rural Development Program)*

# Legal regulation of direct sale

**EU regulation:** hygienic conditions of producing and distribution of food

**National regulation:** regulation concerning directly and locally distributed food

- Sold amount is regulated
- Fresh meat must not be sold by farmers
- Goods must not be sold to retail or catering units





# Problems of direct sale

- Prepared farmer products now cannot reach local shops and restaurants
- Recent regulation refers to „local” shops concerning direct sale and allows it only to the border of the locality

# Suggestions of civil organizations

- Products can be sold at local shops and restaurants
- Expansion up to the circle of 50 km
- Tax-free up to a revenue of 400.000 HUF



**Thank you for your  
attention!**

Macasai.Eva@gtk.szie.hu

Feher.Istvan@gtk.szie.hu