

A STUDY OF LOCAL ARTISAN AND CRAFTSMAN MARKET OPERATION IN REZEKNE

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Abstract. *Local food, both from the perspective of the producer and the consumer, is becoming all the more popular topic in modern society. One of the places where the buyers and sellers of these products meet is the market. The research aim is to study the operation of local artisan and craftsman markets in Rezekne and the opportunities for improving their operation. The theoretical and practical aspects of artisan activity are described in the study; surveys have been conducted to find out the opinions of market visitors on the supply of the artisan market; data analysis and interpretation; and to make conclusions and suggestions for improving the operation of the local artisan and craftsman market in Rezekne. Research methods: logical construction, analysis, a survey, the graphical method. The study results in a conclusion that the buyers of the local artisan and craftsman market in Rezekne are satisfied with the supply; however there are opportunities for its improvement. The main aspects with the opportunities for improvement are: spreading information about the market, i.e. its advertisement, expanding the assortment offered, extending the opening hours of the market, expanding the premises and the parking space of the market.*

Keywords: *artisan, buyer, market, seller, supply.*

JEL code: *M20, M30*

Introduction

Consumers are starting to pay more attention to healthy eating, want to buy organic products and generally keep track of their everyday habits; therefore in Latvia and in the rest of Europe, the issue of producing local foodstuffs is becoming all the more popular.

People appreciate healthy homemade products, the work, time and energy invested by the artisans when creating new and innovative products (Biedrība „Lauku partnerība „Lielupe”). The home industry as a field of the national economy is still developing in Latvia. This applies both to legislation and to cooperation of small producers and the availability of products to consumers. The home industry is a set of values which reflects: the identity of the regions of Latvia, traditions, unique local products, family craftsmanship, personal attitude (Ceļvedis mājražošānā, 2015).

There is currently very little research done in Latvia on the operation of the home industry; while conducting the study, the authors have learned about the study of the Association of Rural Women in Latvia (*Latvijas Lauku*

Sieviešu apvienība) on “National and EU Normative Documents that Regulate the Economic Activity of the Rural Home Industry in Latvia and their Interpretation” and the study “Exploring the Situation of Home Industry in Rural Latvia”, which were conducted in 2009, and the study of the Latvian Rural Advisory and Training Centre Jelgava Department (*LLKC Jelgavas konsultāciju birojs*) “Opportunities for Developing the Food Industry in Jelgava and Ozolnieki Municipalities” conducted in 2012. In 2015, Latvian Rural Advisory and Training Centre Ltd. (*SIA “Latvijas Lauku konsultāciju un izglītības centrs”*) issued a „Guide to the Home Industry” (*“Ceļvedis mājražošānā”*), which summarises the most important information on the requirements of the Food and Veterinary Service (FVS) for the home industry, marketing, and provides an opportunity to learn about the examples of the home industry.

For artisans it is very important to find buyers for their products, i.e. sales opportunities. One of the options is selling the products at local artisan and craftsman markets. By buying artisan products, buyers support local producers, and, as a result, the money stays with our local people.

The research aim is to study the operation of the local artisan and craftsman market in Rezekne and the opportunities for improving its operation.

Research objectives:

- 1) Describe the theoretical and practical aspects of artisan activity;
- 2) Conduct a survey on the local artisan and craftsman market in Rezekne;
- 3) Make conclusions and suggestions for improving the operation of the local artisan and craftsman market in Rezekne.

Research methods: logical construction, analysis, a survey, the graphical method.

Research novelty – a consumer survey on the local artisan and craftsman market in Rezekne was conducted, the results obtained were summarised and analysed, and conclusions and suggestions were made for improving the operation of the market.

Research hypothesis – the consumers of the local artisan and craftsman market are satisfied with its operation in Rezekne, however there are opportunities for its improvement.

Research period: February 2016 – June 2017.

As a result of the research, the research hypothesis that the consumers of the local artisan and craftsman market in Rezekne are satisfied with the market operation in Rezekne but there are opportunities for its improvement was confirmed. The main aspects with regard to the opportunities for improvement are: spreading information about the market, i.e. its advertisement, expanding the assortment offered, increasing the

opening hours of the market, expanding the premises and the parking space of the market.

Theoretical and Practical Aspects of Artisan Activity

An artisan is a natural or legal entity that produces foodstuffs at home. For processing they use home-grown starting material or cooperate with other agricultural farms in Latvia and buy the starting material. In production they employ the responsible and sustainable approach. This means that the starting material is grown while conserving the environment, and the products are made while observing good hygiene practices, according to local traditions in a particular district. As a result, healthy local foodstuffs are offered to consumers (Ceļvedis mājražošanā, 2015).

Artisan activity is most often related to the production of foodstuffs, also referred to as the artisan food industry. These are products with high added value because these are produced with an individual approach and thus reflect the nature of the producer and the local environment. This is why these products are referred to as local identity products.

The artisan food industry is a type of small entrepreneurship used by small agricultural farms for diversifying their activity where the agricultural products grown have added value, as well as by the rural population, families that process foodstuffs in cooperation with farmers; it can also be an additional income source for a rural pensioner. This type of activity is relatively easy to start because it does not require large investments like for production companies (Biedrība „Lauku partnerība „Lielupe”). The main advantage of the home industry is starting the production of a chosen product in small quantities without spending a lot of resources or involving additional administrative workers, with less bureaucratic burden and slowly going forward (Āriņa-Vilne).

There are obstacles that hinder successful operation of the field: lack of explanation of the legislation, which makes it difficult to understand and follow the rules; a relatively small local market with low buying power, which really is one of the most significant obstacles (Biedrība „Lauku partnerība „Lielupe”).

The law that regulates the handling of foodstuffs in Latvia, including the home industry field, is “The Law on the Supervision of the Handling of Food” (in force since 20.03.1998). The purpose and the field of activity of “The Law on the Supervision of the Handling of Food” is: to ensure handling the food, which is of high quality and safe to human health, life and the environment, eliminating the risks, promoting the trade and protecting the interests of consumers.

Cabinet Regulations No.358 "Requirements for Small Trade Enterprises that Deliver Homemade Foodstuffs of Animal Origin" dated 30 June 2015 are binding for the home industry. The Cabinet Regulations state that the home industry is a food handling enterprise – a performer of economic activity (hereinafter – Enterprise) – that delivers homemade foodstuffs of animal origin directly to end consumers or – no more than 30 percent of the total produced amount of foodstuffs of animal origin – to another small trade enterprise if the work with foodstuffs of animal origin is performed: (4.1.) in an individual residential building, at least 75 percent of which, including the buildings located on its territory (such as bathhouse, barn, shed, garage), are used for living and personal needs; (4.2.) a separate building constructed, planned and equipped for production and preparation of foodstuffs of animal origin on the territory of the individual residential building; (4.3.) a separately constructed building equipped for production and preparation of foodstuffs located outside the territory of the individual residential building by the source of obtaining starting material (such as an animal establishment, a milk farm, a slaughterhouse) if at least 80 percent of starting materials for the production or preparation of foodstuffs of animal origin is obtained there.

In July 2017, the transition period that has been in force since the acceptance of the Cabinet Regulation "Requirements for Small Trade Enterprises that Deliver Homemade Foodstuffs of Animal Origin" on 30 June 2015 will end. The regulation states that home producers that perform their production in suitable, separately constructed buildings planned for production of foodstuffs located on the territory of an individual residential building or in suitable buildings outside the territory of an individual residential building by the source of obtaining starting material where at least 80% of starting material is obtained and who wish to sell the products produced without market limitations must obtain approval. Without the approval, the artisans that comply with the regulation will be allowed to deliver to other small trade enterprises 30% of the total produced amount of foodstuffs of animal origin but no more than four tons a month (Liepiņa, 2017).

One of the most significant aspects of artisan activity is product sales. The market is an aggregate of existing and potential sellers and buyers that at a specific place and time for a specific price supply (sell) and demand (buy) products. At the market the sellers supply products, for which the buyers pay money; an exchange of information and communication occurs between the two parties. All market relations are realized at a specific place (Praude, 2011). For artisans the trading space itself is one of the main communication channels. It needs to be used to the maximum. Even quite many large producers whose products can also be found in supermarkets and trade

centres use opportunities for direct contact and feedback, provided by live communication at markets. The main principles of marketing for raising consumer interest and attracting them to the product are (Zvirbule, 2013):

- 1) the consumer needs to know that the product exists;
- 2) the consumer needs to know the product and love it;
- 3) the consumer needs to use the product;
- 4) the consumer needs to remember the product, i.e. return to it again and again.

To achieve this, communication with the consumer is necessary. Nowadays, trade space, especially artisan markets are not only a place for shopping but also for entertainment, an exhibition, an adventure. A human talks to a human – direct contact, communication in real life, communication with each other, to look, touch, taste, smell, ask, haggle, choose the most fragrant, the tastiest, darkest, brightest, thickest – whatever your heart desires, see something unseen before, learn something new, find what you have been looking for, listen to music, see a performance, smell hot coffee, fried meat, or fragrant primula – all this happens at a fair, at the market (Kad pircējs un pārdevējs smaida).

The Study of the Local Artisan and Craftsman Market in Rezekne

Rezekne municipality and all 25 Rezekne parishes on 8 July 2014 created a foundation “LEARN” (hereinafter – LEARN). The aim of its activity is to promote economic activity and reduce unemployment at the territory of Rezekne municipality. To achieve the aim, the foundation plans to support micro-enterprises and self-employed individuals that start and develop businesses at the territory of Rēzekne municipality (Foundation “LEARN” – *Lauku ekonomikas attīstībai Rēzeknes novadā* (Developing Rural Economy in Rezekne municipality)). One of the activities performed by LEARN to support local artisans and craftsmen is the organization of markets. The markets called “Lobs lobam” are organized once a month and take place at the premises of Rezekne municipality or in the yard of Rezekne municipality building from 9:00 to 13:00. Information about the market is published on the website of Rezekne municipality <http://rezeknesnovads.lv/>, and posters are created (Figure 1).

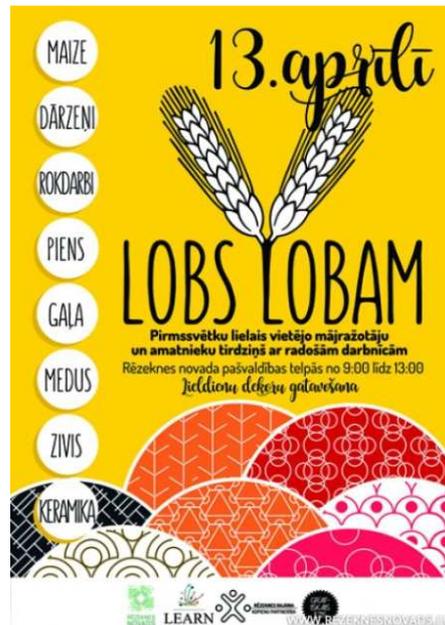


Fig.1 Poster for local artisan and craftsman market “Lobs lobam”
(Source: Rezekne municipality)

The information about the market published on the Rezekne municipality website provides the time and place of the event and a short description of the sellers and products available for purchase.

The authors in cooperation with LEARN conducted a study to find out the opinions of market visitors on the supply of the artisan market. As part of the study, a visitor survey was conducted, asking to fill in questionnaires. The survey was conducted in 2016 and 2017 during several monthly markets; Economics and Management students of Rezekne Academy of Technologies were involved in surveying. In total 190 respondents were surveyed. Description of the respondents surveyed:

- gender: women 72%, men 28%;
- age: 30 years or younger 28%, 31 to 60 years 59%, 61 year or older 13%;
- place of residence: residents of Rezekne municipality 54%, residents of Rezekne city 46%;
- occupation: employees 51%, employers 20%, retired 16%, students 8%, housewives 3%, unemployed 2%.

At the beginning of the questionnaire, the respondents were asked the question “How often do you visit the artisan market?” The responses summarized in Figure 2 show that the majority of the respondents visited the market every month (76%).

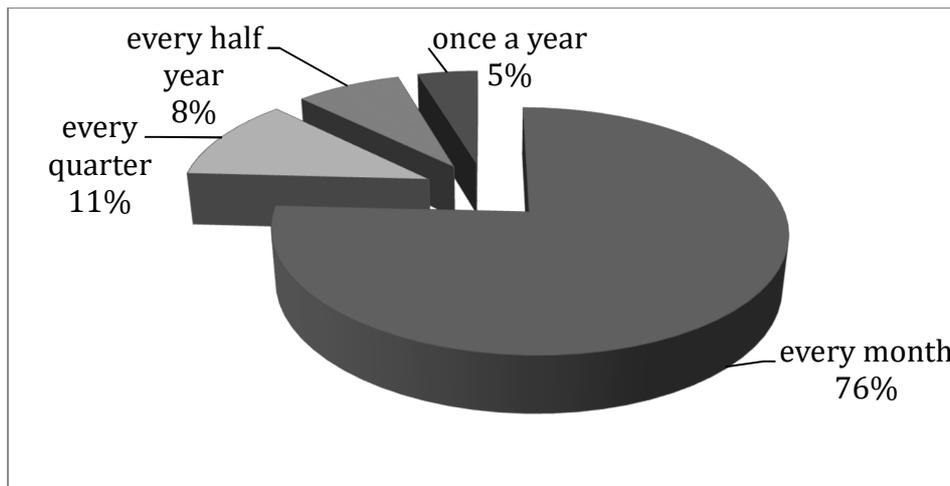


Fig.2 Respondents' answers to the question "How often do you visit the artisan market?", % (Source: data summarised by authors)

Then the respondents were asked the question "Are you satisfied with the artisan market in general?" with the following possible answers: "yes", "rather satisfied", "rather dissatisfied", "no". The answers of the respondents split between "yes" (74%) and "rather satisfied" (26%). It can thus be concluded that in general visitors were satisfied with the artisan market.

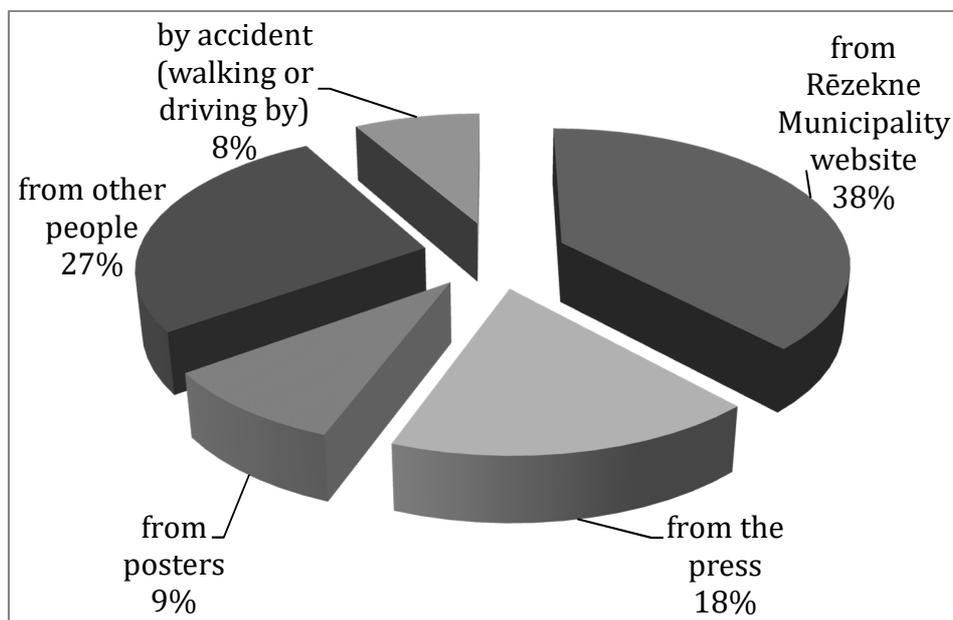


Fig.3 Respondents' answers to the question "How did you find out about the artisan market?", % (Source: data summarised by authors)

To determine the source of the information how visitors find out about the market, the question "How did you find out about the artisan market?" was asked. The responses summarized in Figure 3 show that for the majority of the respondents (38%) the information source about the market was the

news published on the Rezekne municipality website, in second place – other people (27%). The authors conclude that market visitors follow the information on the Rezekne municipality website, and people share information, it spreads by word of mouth.

The respondents were asked to rate the importance of several factors related to shopping at the market and offered to express their opinion on the importance of the factors on a scale of five points where 5 meant very important, 4 – important, 3 – relatively important, 2 – less important, 1 – unimportant.



Fig. 4 Respondents’ answers to the question “How important are the following factors to you when buying products at the artisan market?”, average rating on scale of five points
(Source: data summarised by authors)

The data summarized in Figure 4 show that the most important factor for buyers when shopping at the artisan market was quality (rated at 4.5), as a relatively less important factor the respondents chose additional opportunities offered at the market: exhibitions, concerts, events (assessment 3.5).

In the questionnaire the respondents were asked to rate their satisfaction with these factors at the artisan market in Rezekne and offered to express their satisfaction on a scale of five points where 5 meant excellent, 4 – good, 3 – average, 2 – bad, 1 – very bad.



Fig.5 Respondents' answers to the question „Please rate your satisfaction with the following factors at the artisan market?“, average rating on scale of five points (Source: data summarised by authors)

The respondents' answers summarized in Figure 5 show that the respondents were the most satisfied with the quality of the products (rated at 4.5) but the least satisfied with the availability of parking at the market (rated at 3.4).

To the question “What motivates you to visit the artisan market?” the respondents gave the answer that it is “an opportunity to buy organic products” (46%), „an opportunity to support local producers” (35%), the answers of a relatively smaller number of respondents split between such responses as “an opportunity to find the holiday spirit and purchase something interesting, for example, for Easter or Christmas” (8 %), “entertainment together with the family or friends” (6%), “just shopping, nothing else” (4%), “visiting as part of another event or holiday” (1 %).

The respondents were also asked the question “What products do you purchase at the artisan market more often?” The respondents could choose several answers in the questionnaire. Having sorted the products chosen in the order of priority, the following products purchased most often were named by the respondents: meat products (84 responses), bread (79), smoked fish (68), dairy products (64), fruits (45), honey (44), spices (39), patisserie (34), artisan products (33), vegetables (30), alcohol-free drinks (16), alcohol (beer, wine) 14, berries (12).

In the questionnaire the respondents were also asked to answer the question “How much do you usually spend on shopping during one visit to the artisan market?” The responses summarized in Figure 6 show that market visitors during one visit spent 6-15 EUR (59 %), 16-30 EUR (29%),

8% spent up to 5 EUR and only 4% spent 31 EUR and more. It can be concluded that the majority of visitors bought more than one product at the market, which can also be seen from the analysis of the responses to the previous question.

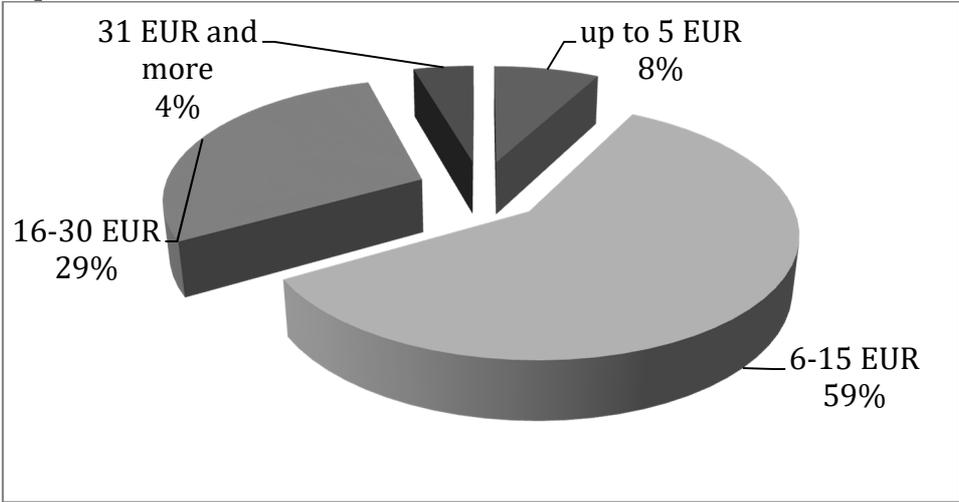


Fig.6 Respondents' answers to the question "How much do you usually spend on shopping during one visit to the artisan market?"
 (Source: data summarised by authors)

With the opportunities of improving the market operation in mind, we asked the question "If it were possible to pay for goods at the artisan market using a bank card, would you?"

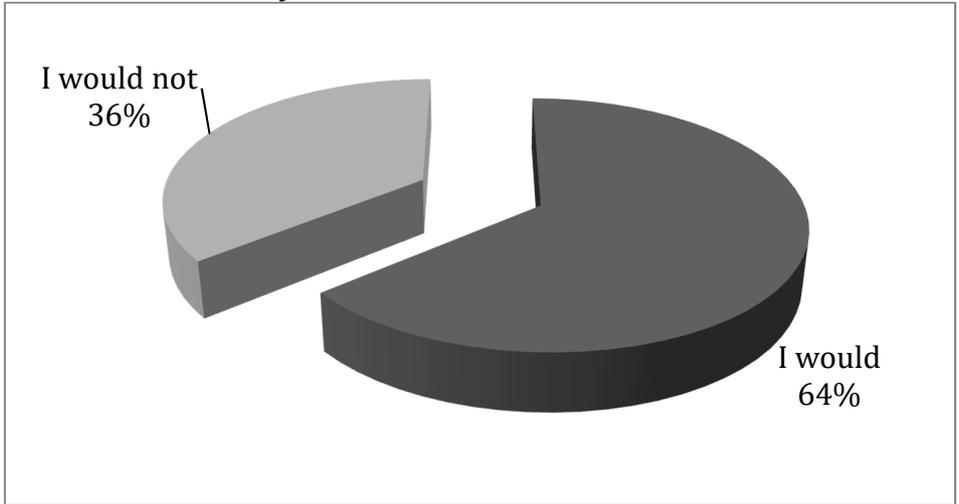


Fig.7 Respondents' answers to the question "If it were possible to pay for goods at the artisan market using a bank card, would you?"
 (Source: data summarised by authors)

The responses summarized in Figure 7 show that the majority of the respondents, i.e. 64%, assessed this opportunity positively and would pay for goods using a bank card.

The questionnaire also contained two open-ended questions; the first – to find out the wishes of the respondents regarding the products they would like to see added to the supply of the market, and the second – to find out the opinion of the respondents regarding what needs to be changed or improved so that more people visit the market.

In response to the first question, the following products were named the most often: eggs, poultry meat products, teas, natural juices, biscuits, yoghurts, cheese, lard.

In response to the second question on improvements to the operation of the market, the respondents most often suggested: spread more information about the market event, expand the assortment offered by involving more artisans and by expanding the assortment offered by the existing artisans, organize the markets in the parishes of Rezekne municipality according to the principle of rotation, organize the market more often – twice a month, find a larger and more convenient place for the market, organize parking that is more available, extend the opening hours of the market, for example, from 9:00 to 17:00, organize the market as a permanent trade venue, a place to sit and drink some coffee is desirable.

The authors conclude that visitors were interested in the existence of the market. The suggestions expressed can be evaluated and practically implemented, which in general would improve the operation of the market and make its supply more diverse and, as a result, more attractive.

Conclusions and Suggestions

To promote the development of the home industry in general, it is necessary to raise the level of knowledge and the information on current issues in the field by providing the availability of current information to buyers and artisans. Training is necessary that includes the explanation of the legislation and information on the basic principles of healthy lifestyle and the role of local foodstuffs in it, as well as practical knowledge for promoting the competing ability of artisans.

Hypothesis of the research was approved: the consumers of the local artisan and craftsman market are satisfied with its operation in Rezekne, however there are opportunities for its improvement. Municipalities, the foundation and other organizers of artisan markets need to consider the following conclusions:

1. The most important factor that motivates consumers to buy products at the artisan market and thus visit such events is product quality. Therefore, when advertising the event, it is necessary to emphasize the opportunity to buy quality local products.

2. Information on the next market event is insufficient; it is necessary to use the municipality sources more actively in informing the population.
3. It is necessary to improve the infrastructure: parking, parallel cultural and other informative events, and the opportunity to pay using bank cards.

Local artisans and craftsmen need to constantly monitor the quality of their products, take care of expanding the assortment, think about the packaging material and product design.

Cooperation among artisans needs to be developed. For example, at the market, producers of different products could create and promote offers beneficial to the customers (for example, meat products and bread, honey and bread, etc.)

LEARN needs to continue organizing local artisan and craftsman markets, consider the suggestions of market visitors and take care of creative solutions for improving the operation of the market. While spreading information about the market event, it is important to cover a wider audience, to cooperate more actively with local mass media, organize competitions.

The buyers need to choose artisan products, thus promoting the preservation of the traditions and values of Latvia and helping the development of the local economy.

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