



DSSW-Study

Market Trade as a Focal Point of Entrepreneurship and Local Economy:

Examples and Support Initiatives from European Cities



Deutsches Seminar für Städtebau und Wirtschaft
im Deutschen Verband für Wohnungswesen, Städtebau und Raumordnung e. V.

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Examples and Support Initiatives from European Cities

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Deutsches Seminar für Städtebau und Wirtschaft im

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Cover Picture: Flea Market in Marseille. Photo: Marianna Poppitz



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Introduction

Markets are the most flexible form of trade there is: they are held temporarily, the mobile market stalls are easy to relocate, offers and opening hours are variable. Their appeal stems as much from the social experience they offer their visitors as from the combination of different offers, of special and more everyday things in a small space. As spontaneous as some markets may appear to be, behind the scenes is the strenuous everyday work of regular market traders and the commitment of a growing number of part-time traders looking for a further distribution channel for their products or an additional source of income. Special forms of this kind of trade, like flea and weekly markets, are particularly attractive. At the same time, however, the bulk of weekly markets is threatened by sales slumps. These markets' potential cannot and should not be supported or put to use by a general approach.

Since 1999, the German Institute for Town Centre Development (DSSW), has been continuously following the development of market trade and expanding and contributing to the knowledge on this subject, at first on a German level and Europe-wide since 2006. Behind our commitment to this subject lie the repeated findings on the synergy effects that markets as attraction points of public life and local economy generate in combination with their urban environment.

This publication provides a focused insight on the scope of market types in Europe: from small organic markets and mixed regional markets to flea and designer markets. Using international examples, this study goes beyond defining characteristics and development potentials of different markets per se. A central concern of this study is also to provide a more profound understanding of the broad potential of market trade as an economic form. In times of structural change, low entry barriers to economic activities and opportunities to test new business ideas are important. Market trade offers ideal preconditions to support entrepreneurship, inasmuch as its potential is recognised and made use of by actors of the local economy.

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1 A detailed analysis of the significance of weekly markets in German cities can be found in Poppitz, Marianna; Lembcke, Jürgen (2003): „Wochenmärkte: Merkmale und Entwicklungspotenziale“. DSSW (Hrsg.), Berlin. This publication can be ordered on-line at: <http://www.dssw.de/dssw-schriften.html>.



The variety of mobile trade stretches from travelling marketeers and displays on the sides of roads to covered stalls and big markets halls

Photos (from left to right): Stefanie Kromrei (1), Marianna Poppitz (2-4)

Market trade in focus: from the German to the European level

The first fundamental DSSW studies on mobile trade dealt with weekly markets in East German cities.² Their characteristics and development potential were summarised in a “DSSW-Leitfaden” published in 2003.³ The core result was the local significance of market trade: On the one hand, markets ensure local supply, on the other hand, they function as customer magnets, bringing customers to the streets and thereby vitalising public spaces. The emerging synergy effects between markets and their retail environment are still frequently underestimated: Even competing stationary shops have a higher customer frequency and a higher turnover on market days!

Synergy effects between markets and retail environments are still frequently underestimated: Even competing stationary shops have a higher customer frequency and a higher turnover on market days.

In the next analytical step, we widened the examination with regard to space and content. Research on market activities in several European countries and expert workshops with European actors of market trade provided information on the potential of different market types. Attractive special forms such as Christmas markets, flea markets, and arts and crafts markets were also part of the survey.

This broadening of focus helped to better assess the economic functions of market trade. Markets constitute a platform for the establishment of small entrepreneurs and the ensuring of their livelihood, whether in agriculture/production, in trade, or in the further utilisation of goods (second hand). The outlet for non-food products is gaining importance in the regional centres of Europe. Phases of structural transition and economic change, as induced by the fall of the Berlin Wall and the liberalisation of Eastern Europe, also increase the importance of mobile trade. The way in which markets function in the long run as a distribution platform for farmers, producers, and traders depends on the stationary structures of their environment. They often take over extensive supply



² DSSW-Studie „Der Markthandel in ostdeutschen Innenstädten“, DSSW-Materialien, Berlin 1999. This study can be downloaded free of charge at: <http://www.dssw.de/markthandel.html>.

³ Poppitz, Marianna; Lembcke, Jürgen (2003): *Wochenmärkte: Merkmale und Entwicklungspotenziale*. DSSW-Schriften 41. Berlin.

functions in case of collapsing retail structures. When the stationary retail environment is stable, market trade becomes consolidated and increasingly develops a supplementary function. In an attractive stationary environment, markets can develop specialised and niche offers.

Existing forms of organisation and approaches for the support of market trade in Europe have to be looked at against the background of different general frameworks in the individual municipalities, regions and countries:

- In rural regions, e. g. in Finland and France, markets rotate from place to place, in order to assure the general supply all over the country.
- Locations with tourist potential focus on the development of markets as points of attraction for locals and tourists. This holds true for both big cities such as Barcelona and for small towns such as Novo Mesto, Slovenia (see example on page 17).
- Behind the costly development of central market halls in Spanish cities stands a strong municipal market trade institution with extensive powers to invest in and design public space (e. g. Office for Market Trade IMMB in Barcelona, see example on page 16).
- In many English cities with a large migrant population, markets function as an integration pool and network for immigrants. Integration and networking is more often enabled by creating opportunities than by providing concrete financial or organisational incentives.
- Not all market types are equally popular. The particularly attractive seasonal or annual event markets (e. g. Christmas markets, see page 13) are often privately owned. Different types of markets can be successful at the same location at different times of week or year. Whilst many small markets at weekends concentrate on high-quality and niche products, such as organic or fresh goods - and thereby attract professionals with the necessary purchasing power - a broadening of the assortment with non-food products during the week can assure local supply.

A characteristic that many different types of markets have in common is the concentration of small businesses and vendors. The following paragraph deals with the question why and for whom getting established in mobile trade can be attractive.

Start-ups in market trade

Market trade provides small and medium sized enterprises (SME), but also micro enterprises with a quick distribution platform. To some extent, the economic risks of a stationary business can better be assessed, if the success of the offer has previously been tested on markets. A further motive to go for the mobile distribution channel is the lacking perspective for the establishment of a stationary business. Wherever markets manage to establish a centre for local

supply, they are also the most attractive point of distribution for vendors.

The integrative function of market trade as a starting point of economic activity is essential in this context. Potentially, markets provide the first business address of entrepreneurs with no shop, either as a temporary, a supplementary or the main channel of distribution.

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- Particularly in regions whose commercial landscape is characterised by structural change, markets play a decisive role as a platform for start-ups. In the context of the current economic development in many Eastern European countries, market trade fulfills a structural commercial and supply function similar to the situation in East Germany after the fall of the Wall. The economic boom, intensified by EU entry, and the emerging establishment of stationary commercial structures motivated an important part of start-ups to build their living in mobile trade.

The support of small enterprises through micro credit overlaps with the subject of market trade in a way that has so far been neglected in the strategic development of the local economy. Attention should be turned to the more unspectacular scenes of small business commitment: different types of markets with offers ranging from food to non-food.

- In countries with strong (mostly private) micro finance institutions, links to market trade are partly known (Fundusz Micro, Poland) and can partly be strongly assumed (ADIE, France) to exist. Micro financiers - particularly in Eastern European countries - report about large shares of mobile vendors in their portfolio (LOK micro, Bosnia-Herzegovina; Mikro fond, Bulgaria; Micro Development Fund, Serbia⁴) due to the structural economic situation described above.
- There are some links between market trade and start-up consulting in large German cities (Berlin, Hamburg), where particularly migrant start-ups take place on the market.

The comparison of European examples shows that the potential of mobile trade to create and consolidate jobs is yet to be fully recognised and supported in a focussed way.

■ ■ ■
4 Representatives of the named micro finance institutions reported a large share of mobile vendors in their portfolio during talks with the author Marianna Poppitz at the conference of the European Microfinance Networks (EMN) on 26th April 2007 in Berlin.

The Jarmark Europa in Warsaw: Balancing between economic potential and illegality

The flea market Europa in Warsaw illustrates the economic importance a market can possess at its location and how little municipal politics often react to this potential. Jarmark Europa in the Praga district of Warsaw with its 6,000 mobile vendors is among the biggest flea markets in Europe. 20,000 people are directly employed by the vendors, another 60,000 by suppliers. This concentration of suppliers and employees turned the market, which has been running since 1989, into one of Warsaw's and Poland's most important tax payers. At the same time, it is predominantly organised by informal structures and characterised by illegal trade. Also protection money and violence are on the order of the day here. The market's vendors are being little by little relocated from the site: a stadium that has been unused for decades. In the course of preparations for the upcoming European football Cup, the area will be returned to its original usage: A modern stadium is going to be established here by 2012. Along with relocation to the surrounding streets came a downsizing of the market. There was no clear intervention by politics or planning. On the contrary, since mobile trade in Poland carries the bad reputation of the informal, closing down the market was the preferred outcome. However, measures to legalise traders' activities and to intervene against violence possibly would have helped to develop the economic potential of the market.

In the latest media coverage of the market's closing, the relocation also appears as a conflict of priorities: Even with its share of black market activity, Jarmark Europa is one of Poland's highest turnover enterprises. In addition to the black market, the legal turnover amounts to 172 million Euros per annum.⁵

Example: Jarmark Europa

City	Country	Market type/function	Profiling strategy	Target group orientation	Degree of consolidation/location	Most attractive offer
Warsaw	Poland	Large mixed market: international distribution platform for entrepreneurs in the context of economic structural change	Variety of products, non food and low price level (bootlegs, counterfeit designer fashion)	Price-conscious customers, users of bootlegs and fake designer fashion	Inner city derelict land: former stadium	Non food, current pirate copy goods
Website: http://www.jarmark.damis.pl/dynamiczne/index.html						

In some countries, informal activities hold a significant share of the total return of the national economy and the gross national product.⁶ The attempt to create a legal channel of distribution for informal suppliers is challenging.⁷ One way to increase the motivation to legalise the activities is a liberalisation of access barriers.

- 5 Gabriele Lesser, 24. Juli 2007, "Fußball-EM 2012: Das Ende "Europas". Basar soll neuem Stadion weichen - Warschaus Behörden in der Zwickmühle". <http://fussball.zdf.de/ZDFsport/inhalt/10/0,5676,5565258,00.html?dr=1> access on 17th January 2008).
- 6 In Italy, for instance, the turnover of the Mafia with a share of 7% of GDP exceeds the turnover of the country's largest enterprise. Berliner Zeitung on-line of 24th October 2007 <http://www.berlinonline.de/berliner-zeitung/archiv/.bin/dump.fcgi/2007/1024/wirtschaft/0070/index.html> (access on 8th April 2008).
- 7 This attempt has been made with the Arizona Market close to Brcko in Bosnia Herzegovina. The market emerged in the post war confusion of 1996 in a legal vacuum as a "black market" without fixed infrastructure. By bringing together different groups of people in a peaceful way, Arizona Market contributed to the reconstruction of this region that had been hit hard by the war and at the same time fulfilled an important supply function. In order to lead the market out of its informal status and to guide growth in ordered lanes, the area was put up for tender in 2001 and a 20 year leasehold contract was signed with the Italian-Bosnian-Serbian consortium "Italproject". The new management built roads, toilet facilities and market halls, set hygiene standards and took over the entire marketing in order to improve the bad image. <http://www.italproject.ba/Arizona/main.html> (access on 7th March 2008).

An intricate but promising possibility is the long-term tutoring and training of beginners to help them establish and consolidate business ideas. In some start-up centres, such offers of tutoring are already in use, but they reach emerging entrepreneurs only sporadically. Due to their naturally limited capacities, these institutions can only function as incubators for the local economy to a certain extent. For the majority of small businesses and start-ups, local markets offer a significantly wider forum to test products and to adapt their offers to the customers' wishes.

Characteristics of markets as an indicator for development potential

An overview on the characteristics that help to differentiate and compare markets is a precondition for an effective support of the individual location. For strategic measures to upgrade locations, the following cornerstones (range of offers, product quality, right mixture) have to be taken into consideration and synchronised. More specified characteristics such as regional networks, accompanying consulting, and stationary and non food concepts are described subsequently.

Range of offers and market type

In principle, markets can be differentiated according to their degree of regulation. Municipal and private market operators control the quantity, range, quality and timing of the offers (and thereby influence the structure of traders and customers), in order to profile markets in a particular segment. There is a significant distinction between markets offering only food, mixed markets and non food markets. Special forms like Christmas markets have a particular profile that visitors expect and which has to be fulfilled. In addition, niche products including organic goods or sensitive foods, such as fish, require logistic services offered by private external or internal providers. They also influence significantly the productivity and attractiveness of the market in its particular segment.

Quality, origin and preparation of food

One opportunity to create a distinctive image is being seized on organic markets: by purposefully limiting the assortment to organic products and direct sales. In this niche, marketing concepts involving additional expenses can also be successful, provided that the promise of freshness is kept. Direct sellers are crowd pullers that are hard to get. In supermarkets, they find a secure distribution channel for their goods, so that to their eyes, the more time-consuming selling on weekly markets does not necessarily seem profitable. But also as suppliers for vendors of fresh goods, regional producers can contribute to the

quality of the offer. With food markets in general, it is important to communicate the freshness of the products. The origin of the goods has to be advertised, presented, and emphasised in personal conversations with the customers. From the customers' perspective, the traceability of the products' origin (e. g. of regional food) is the most important attribute of weekly markets, particularly when it comes to fresh goods.



Markets with their own quality umbrella brand in Austria. Source: EGGER & PARTNER GmbH

Preparation suggestions are another approach to marketing food on weekly markets. Despite the ubiquitous call for a healthy diet, customers' actual knowledge on the preparation of traditional recipes and the proper use of spices, herbs and vegetables is dwindling. In order to increase customer loyalty, one of the most important measures is imparting this knowledge and thereby whetting people's appetites for fresh products. The possibilities range from personal talks (for this purpose special trainings for vendors could be offered) to high-publicity events with celebrity chefs, as in some of Barcelona's market halls.

Traditional cuisine with „event feeling“: creative suggestions on how to prepare healthy food attracts customers.



Celebrity chefs in Barcelona's market halls whetting visitors' appetite not only for food, but also for cooking! Source: IMMB-Mercats de Barcelona

Attractiveness and mixture

Market concepts are not only attractive in the fresh products segment. The surprising grouping of offers contributes to the particular popularity of mixed markets, because people with different demands and financial means mix and social life and its variety becomes perceptible.

Over the past few years, an element of public performance and theatre was established on the central market of the German city of Gera in addition to the selling of food and non-food products. At weekends, the market has become a stage for urban life and commitment: several social associations, e. g. the municipal gymnastics association, and citizens' initiatives present themselves with performances and info stands. A special public space has been established by mixing market activities and social events. The market is being supported by the interest group "Ja für Gera", which takes over important marketing and town centre management functions in the city. The interest group rendered the booming market possible by mobilising and integrating local citizens and institutions.

Strong commitment by town centre management and interest groups: a precondition for a lively market trade as a social forum.

Example: Weekly market in Gera

City	Country	Market type/function	Profiling strategy	Target group orientation	Degree of consolidation/location	Most attractive offer
Gera	Germany	Weekly market as social event	Social centre and local supply	Locals and tourists: visitors of the city centre	Market square	For locals: presentation of local associations
Website: http://www.ja-fuer-gera.de						

The Christmas market in Belfast/Northern Ireland impressively exemplifies how successful the selling of international culinary specialities at a well-attended market can be. A vendor selling exotic meat specialities can earn up to £ 50,000 in 29 days at the Christmas Continental Market.⁸ Exotic specialities are points of attraction at seasonal markets and contribute significantly to the stimulation of business. The trend to sell international specialties at Continental Markets also leads to a growing cross-border mobility of market traders.



⁸ Information on these figures were provided by the private operator of the Christmas Continental Market in Belfast, Allan Hartwell, at a DSSW experts workshop with European actors of market trade in Bonn on 24th January 2007. In early 2008, Hartwell affirmed that the positive economic tendency augmented again during the Christmas season 2007 in a telephone interview with the author.

Example: Christmas Continental Market Belfast

City	Country	Market type/ function	Profiling strategy	Target group orientation	Degree of consolidation/ location	Most attractive offer
Belfast	United Kingdom, Northern Ireland	Christmas Market	Christmas Market as multicultural culinary event	Locals and tourists	Square	For customers: snack bars offering international exotic cuisine (e. g. South African alligator burger)

Website:

<http://www.belfastcity.gov.uk/news/Press/TastesOfEuropeComeToBelfastForContinental21Nov07Market.rtf>

At mixed markets, inexpensive prices and high-quality specialities can exist next to each other. Thereby, a heterogeneous audience of customers with a clear purchase intention, locals, unemployed people, and senior citizens as well as the well-to-do “health-conscious” are attracted.

The market on Maybachufer in Berlin - attractive range of products

The Turkish market on Maybachufer in Berlin offers both a broad range of inexpensive groceries, household goods, haberdashery, general low-cost products, fabric, and several stalls with high-quality culinary specialities. French pastries and African delicacy snacks refine the range of offers. The market is held on Tuesdays and Fridays from noon until 6.30 pm and equally attracts locals living in the immediate neighbourhood and more and more tourists. In a survey⁹ of the markets’ visitors in 2004, more than 60 % stated they did not live in the neighbourhood. The broad variety of offered products, the affordability, and the particular atmosphere, perceived as “multicultural“, were for the interviewees the most important reasons to visit the market. Apparently, these advantages are particularly decisive for younger customers: more than a third of the interviewees were between 20 and 40 years old. Thereby, the market attracts an age group that is usually more difficult to acquire for weekly markets.



The market on Maybachufer fulfills local supply functions, offers traders and customers with the same cultural background a joint forum and is at the same time a tourist attraction. Source: DSSW

⁹ The customer survey was carried out by Johannisthaler Forschungstechnik GmbH in co-operation with Bezirksamt Neukölln of Berlin. The results are published on-line: http://www.berlin.de/imperia/md/content/baneukoelln/wirtschaftsfoerderung/lsa_markte_kleincenter.pdf (access on 1st April 2008).

But it is not only the mixture that accounts for the popularity of market forms. It is noticeable that the most attractive markets are those that are held less often. “Green” markets (selling only groceries) at weekends and later market hours during the week are aimed at the free time of working people. High-quality and thus more expensive groceries are more easily sold here. The connection between market type and attractiveness is most striking with seasonal and annual markets. As the demand for fresh seasonal products is obviously temporary, it revives each year anew. Similarly, Christmas markets draw their appeal from the short but intense vibrancy of the end-of-year holidays. Christmas markets and other seldomly held special markets are among the forms of trade with the highest customer frequency, so that established traders sometimes generate the gross of their annual turnover here.



Synergy effects of two customer magnets. Zurich’s Christkindlimarkt creates sojourn quality with regard to the central station and thereby increases the length of stay at a hub. Source: ©OK Christkindlimarkt (<http://www.christkindlimarkt.ch>)

Christmas markets – an internationally successful format

The concept of the typical German Christmas market has become quite an export hit. All over the world, markets are emerging that offer specialities like Christstollen, „smoking men“ (incense burner figurines), mulled wine, and ginger bread. By now, some 20 British cities have added a „Traditional German Christmas Market“ to their market calendar, some of them with the support of their twin cities, such as Birmingham (Frankfurt am Main) or Lincoln (Neustadt a. d. Weinstraße). The Christmas Market in Chicago was launched by the German-American Chamber of Commerce in Chicago, in order to intensify the economic relations between the two countries. In co-operation with the city of Nuremberg, which provides know-how and some of the market traders, the Christkindlmarkt Chicago has become the biggest Christmas Market outside of Germany with 1 million visitors each year.¹⁰

¹⁰ <http://www.christkindlmarkt.com> (access on 5th March 2008)

Regional Network of Markets

A new approach is the support of markets through a regional network. This strategy is already being implemented for weekly markets focussing on groceries in Lyon. In 2004, the lobby ADPM (Association pour le Développement et la Promotion des Marchés) was founded there with the objective of increasing the weekly markets' competitiveness by means of a joint marketing and training programme. The concept is based on the high number of markets and their significant share of the sale of fresh products in the region.

Strengthening the region in a sustainable way: A new approach is the support of markets through a regional network. This strategy is already being implemented for weekly markets focussing on groceries.

Extensive information on free stands at all market locations in the region is provided in a free-of-charge internet portal.¹¹ On the one hand, this creates incentives for newcomers to small markets that have not yet reached their capacity limit. On the other hand, it supports the integration of new traders into the market activities of the region. The portal also offers information on the existing structure of traders, which enables beginners to find a suitable market at which to present themselves with a new or rare assortment. A quarterly newsletter (La Lettre des Marchés¹²) advertises local weekly markets and other events in the course of the year. The joint on-line presence strengthens the markets' regional cohesion not only internally, but also in the visitors' awareness.

In addition to marketing, ADPM also conducts trainings for prospective market traders. In regular workshops, established traders coach newcomers and help them to improve their business. The training focusses on selling groceries and is part of a broader campaign to secure the competitiveness of „green“ markets around Lyon. The initiative stemmed from the city's Chamber of Commerce, which developed the concept and the training courses in co-operation with the market organisations. At the suggestion of the Chamber of Commerce, it was possible to win over representatives of mobile trade from the entire region for the lobby.¹³

Coaching, tutoring and consulting for start-ups in market trade

In addition to the coaching of prospective market traders in the groceries segment, it makes sense to offer further consulting aimed at the targeted acquisition of producers and traders. It is difficult to depict the broad range of training offers for mobile traders, because the business's branch of origin implies different contact points, Chambers of Commerce memberships, and lobbies. In order to generally secure the professionalisation of market traders, an overview on the locally available consulting offers would be worthwhile.

Professionalisation of market traders: a more successful business through training and tutoring



¹¹ <http://www.geomarches.com> (access on 3rd April 2008).

¹² www.lyon.cci.fr/site/cms/13236/ADPM--La-Lettre-des-Marches?selectedMenu=20060213115737 (access on 3rd April 2008).

¹³ <http://www.lyon.cci.fr/site/cms/2005050311505214/Commerce/Vendre-sur-les-marches-ADPM/Association-pour-le-Developpement-et-la-Promotion-des-Marches--ADPM-> (access on 24th April 2008).

A listing of relevant regional and municipal contact points with their individual key activities and projects is a first step to make the consulting offers more visible.

For a network of training offers as well as sales and marketing concepts for mobile traders, the following places could be relevant:

- Chambers of Industry and Commerce/municipal business development departments (consulting and support of start-ups). The municipal business development departments can offer consulting on different possibilities of support for market traders.
- Specialised consultancies for start-ups (e. g. focussing on the tutoring of migrant business people; start-up centres). However, the actual share of mobile or part-time traders in the range of tutored businesses has to be clarified first.
- A listing of the individual trade guilds and other associations coaching market traders would be helpful in order to get an overview on existing offers of coaching and to identify possibilities to link them with training offers by other institutions.

Stationary concepts for mobile trade: market halls

Considering the degrees of consolidation of different types of mobile trade – ranging from hawker’s trays and vendors on the side of the road to roofed stands – market halls mark the end of the line for stationary development of markets. Originally, these halls served as the neighbourhood’s centre for local supply in many European cities. Particularly in Southern European countries like Spain and Italy, the high number of stationary market halls is based on the necessary storage and refrigeration of sensitive products due to the warm climate.

The present development of Barcelona’s market halls illustrates the opportunities and difficulties such an undertaking brings about, depending on the hall’s location within the urban landscape. The evenly distributed market halls around the city trace back to Ildefons Cerdà’s urban extension plans which envisaged centres of local supply for every neighbourhood. Some of these historic market halls are currently being developed into neighbourhood centres. The necessary substantial investments and the development concept for neighbourhoods are being targeted in central locations with a high influx of tourists. From the integration of entire supermarkets, the implementation of senior-friendly housing in the area, the provision of delivery services, and devices for debit card payment to the usage of regenerative energies through the installation of solar panels on the roofs - measures for all local and tourist user groups can be found at the investment locations. Such markets are both local supplier and shopping centre.

In Barcelona, only those market halls that are already established as tourist attractions receive financial support and undergo extensions. They assure the local supply and function as shopping centre and venue with regular events and extensive advertising around the city. More peripheral market halls on the other hand, compete with new large area shopping centres. These act less and less as points of attraction, because their opening hours are not adapted to the free time of professionals and shopping centres offer a more comprehensive range of products. An additional difficulty of traditional market halls is the fact that no alternative forms of use are possible outside opening hours. Similar to inner city derelict industrial buildings, many architecturally attractive market halls pose the question of how to reuse them.

Example: Mercat de Santa Caterina

City	Country	Market type/ function	Profiling strategy	Target group orientation	Degree of consolidation/ location	Most attractive offer
Barcelona	Spain	Modernised market hall	Neighbourhood and shopping centre	Locals and tourists	Stationary market hall	Cooking shows (in planning: delivery services for locals and debit card payment)

Website: <http://www.mercatsbcn.com/arxiu/relacionats/remodelacions/santacaterina.pdf>



The Mercat de Santa Caterina in Barcelona was developed to become a multi-functional inner city centre. Source: IMMB-Mercats de Barcelona

Non-food products: stationary and mobile

Currently, offers for particular lifestyle groups are booming. For these groups, it is not so much particular goods as a compilation of products and services that is decisive. This trend also shows the growing demand for special formats in the non food segment (especially flea markets but also special markets such as those offering vintage car parts) and points in the direction that an increased upgrading of market concepts could take. By means of targeted acquisitions and integration, as well as the establishment of unconventional new product groups, markets can widen and strengthen their existing function as local hotspots of supply and demand. Special markets offering second hand articles and rummage goods as well as high-quality design and handicraft have a great potential when it comes to binding customers. They also appeal to the preferences of creative people, collectors, the design-conscious, and nostalgics. In addition to treasures for bargain hunters, these markets also offer valuable rarities for connoisseurs and the price-conscious.

The example of a Slovenian handicraft market in the little town of Novo Mesto shows how a rallying point of creative handicraft potential can be created through one's own initiative and support. Two young students of cultural studies were able to create a platform for regionally manufactured products and new jobs through their personal commitment and with very few financial means. The organisation of the monthly arts and crafts market followed the example of the market's historical predecessor that had disappeared from the town for decades. The pottery goods and classes for the young and old have become a regional attraction. All vendors and their products are presented and advertised on a professionally designed web site. Thus, the distribution channels "market" and "internet" are being dovetailed for start-ups. This form of parallel distribution is called multi-channel marketing.

Example: Rokodelska tržnica

City	Country	Market type/function	Profiling strategy	Target group orientation	Degree of consolidation/location	Most attractive offer
Novo Mesto	Slovenia	Arts and crafts market	High quality non food in the segment of local arts and crafts	Locals and tourists	Small town centre	For locals: crafts classes for children; for regional customers and vendors: on-line distribution
Website: http://www.drustvo-akcija.com						



Arts and crafts market in Novo Mesto/Slovenia: Support of arts and craft through multi channel distribution (market and parallel on-line distribution)
 Source: <http://www.drustvo-akcija.com> (access on 10th April 2008)

„Holy Shit Shopping“ – Traditional Market Form With a Creative Concept

The operators of the Berlin Christmas market „Holy Shit Shopping“, taking place in the former Café Moskau, have succeeded in developing the supply in a more traditional segment in an innovative way. The organisers carry the concept of original ideas for Christmas presents to extremes: They do without the usual seasonal accessories and establish a rallying point for young creative people and designers from Berlin and Germany. It is fitting that the event’s accompanying music is provided by well-known DJ’s. Since 2004, the market is held at one weekend in December, the success motivated the extension of the concept to Hamburg and Stuttgart. The setting of “Holy Shit Shopping” fits the many postcards, clothes, and accessories designed in retro style. Since Café Moskau fell vacant, it has been used for parties and art events, but the building is also the ideal location for the Christmas market. This temporary use marketing the artwork of 100 designers, artists, and creative people is very well received: the visitors crowd on the two floors for the length of the weekend.

Example: Holy Shit Shopping

City	Country	Market type/function	Profiling strategy	Target group orientation	Degree of consolidation/location	Most attractive offer
Berlin	Germany	Stationary event Christmas market	Innovative/original ideas for Christmas presents	Creative Christmas shoppers	Stationary	For customers/providers: concentration of local creative people

Website: <http://www.holyshitshopping.de>



The Christmas shopping lounge in Berlin's Café Moskau – creative ideas for presents in a club context. Source: team°de°luxe, <http://www.holyshitshopping.de>

Advantages and disadvantages of market trade as a distribution channel

As a distribution channel, markets – as opposed to stationary businesses – offer the advantage of an uncomplicated, temporary organisation. The concentration of the offers on a small area makes it possible to unite a wide range of vendors, products and services. The mixture of offers is also flexible, which permits different types of markets at different times of day/week/year.

Markets establish a direct contact between customers and suppliers, facilitate conversations, and offer the possibility to stroll, discover, and try out. Whether the customers seize this opportunity depends on the general conditions of the market: the right location and the adequate opening hours for the addressed target group. The conflictive development of different formats in recent years shows that not every type of market works at any given time. Whereas many weekly markets are constantly suffering from losses, the more seldom Christmas and special markets are enjoying their growing popularity (see info box on page 13).

The most attractive special markets, however, are difficult to differentiate from stationary trade on the one hand and illegal distribution on the other hand. Despite applicable regulations, new goods are being sold on some German flea markets, which might put the competing stationary trade at a disadvantage. Quite often, flea markets are also an assembly point for smuggled and bootlegged designer fashion, CDs, DVDs etc. Behind this are not only individual informal vendors but internationally organised chains of distribution.

For entrepreneurs, market trade – especially in the start-up phase – offers the advantage of customer proximity and the opportunity to test the appeal of the offer. If the extension of an existing business is targeted, a successful presence on a local weekly market can provide decisive market research: Is the dynamic right? Is a step towards a stationary business in the neighbourhood worthwhile?

Butter Lindner - From Market Vendor to Chain Store

The success story of the Berlin quality brand Butter Lindner also originated in mobile trade and led to a large net of branches. The business was founded in 1950 on a Berlin weekly market, has since grown and expanded to stationary locations, and in the course of this also broadened its concept of offers. The enterprise is now simply called „Lindner“ and added to its core competence - the careful production of butter - further products, specialities, snacks and prepared meals. The name now stands for high-quality delicatessen. The company owner's son is still also present on weekly markets, whose function he now sees less in the local supply with goods but more in the communication of the attitude that goes with the offer. Here, weekly markets supplement the stationary business with the decisive components of „experience“ and „surprise“ provided by the combination of different offers. However, Butter Lindner's specialisation within its own product segment took place in stationary trade.¹⁴

Start-ups need special funding to help them test new products ranges. Micro finance consultants Jan Evers and Stefanie Lahn answered the questions asked by DSSW¹⁵ on what a demand-oriented tutoring and funding of small entrepreneurs could look like. The consultants' recommendations state clearly that the practical and target group-oriented work of market traders requires strong tutoring at their actual workplace, „on the job“. So far, this form of tutoring is uncommon in Germany. However, it is elementary for the trial and error principle of start-ups in new business areas. Small funding amounts being available at short notice and without much red tape is important for small enterprises according to Evers and Lahn. Stepped loans with growing subsequent sums after successful payment would be a motivation to observe and assess more closely the effects of the investments and „to test the products' saleability“¹⁶. Thereby, the growth of the amount of goods would be controlled, because the funded enterprises could only purchase at the rate they actually make profits.

In order to facilitate start-ups in mobile trade, a rethinking of the financing system would have to take place: half of the start-ups are not established at a full-time basis any more but at a sideline basis. According to Evers and Lahn, the financing institutions have yet to take up this trend. Prejudice prevalent within the realm of start-up support is correlating with the preconceptions of many

In times of growing economic pressure, part-time activities can be a way to dynamically profile one's own business concept.

¹⁴ Michael Lindner interviewed by Anja-Dobrodinsky for Inforadio's "Vis à vis" programme, 20th June 2007; <http://www.inforadio.de> (access on 4th April 2008).

¹⁵ Evers and Lahn, unpublished statement paper on the DSSW experts' workshop on 24th February 2007 in Bonn.

¹⁶ ibd.

market traders: although part-time traders are among the growing entrepreneur groups in market trade and contribute significantly to its dynamic, they are often seen as unprofessional and not quite “one of us” by the established actors. The fact that part-time activities can be a principle of dynamic profiling in times of growing economic pressure is overlooked when rashly judging these business concepts. For part-time start-ups, market trade is an ideal transition or parallel distribution channel. However, financial support for a step-by-step start into a part-time business is still lacking.

As a social gathering point, mobile trade is also a collecting pond for ethnic economies - if and where local potential exists. In some English cities such as Bedford, markets function as a social and entrepreneurial entry platform for migrants. These markets are a point of reference where newcomers meet entrepreneurs of the same cultural background, where they can get orientation and organise themselves with others. Thus, ethnic minorities from countries such as Pakistan, Afghanistan, and India find an entry point, which is not organised and funded by the government, but developed in an informal way through encounters on the spot. As integration pool into working life, mobile trade works particularly well with ethnic economies, because strong market trade traditions often exist in the countries of origin. Here, the acceptance of mobile trade as the central point of social life and daily supply is particularly high – a factor that explains the boom of markets in migrant neighbourhoods.

How are different market types currently being supported?

In European countries, market trade is only partially being perceived as a factor for economic stimulation. It is mostly supported within the narrow branch of the particular market organisers and traders. Networked concepts are looming in the fresh products and groceries segment. Here, weekly markets benefit from their traditional image as suppliers of regionally produced groceries.

For example, the support of start-ups is in no European country seen in connection with profiling opportunities at food or non food markets. Therefore, the support of start-ups in market trade is quite passive or indirect: Coaching and facilitated access does exist for newcomers, but not explicitly for founders. Even though the local economy and local jobs are boosted by markets, the relevant actors and institutions – ranging from the municipal business development departments, start-up centres and consultancies to micro finance institutions - are not yet fully aware of this function.

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In the market trade business, there are many conflicts among actors because of their strong mobilisation within their own particular segment (weekly markets, event markets, flea markets, arts and crafts markets etc.) that rarely goes beyond these limits by observing or networking. During the course of the

DSSW survey, people working in the fields of micro finance or business start-ups were interviewed, opening up new perspectives. From the point of view of supporting the smallest business forms of an economy, it is not so much market trade itself with its particular characteristics that is of interest, but more its enormous potential for the extension of distribution channels for the products and offers of small enterprises. Small entry barriers for the establishment of a business are what many markets have in common. This opportunity is most attractive for those vendors that do have business ideas and entrepreneurial spirit, but lack funding capital.

Continuation of market observations – an outlook

The examination of mobile trade in a European context poses questions on the transferability of local approaches. It is rather difficult to compare the different organisational structures, access regulations, and shapes of European markets. However, it is possible to compare certain characteristics and strategies contributing to the establishment and strengthening of particular markets. Some initial insights have already been given by means of incisive examples. Connecting criteria for a comparative examination of individual cases are becoming apparent: Limitation or mixture of range of products, frequency, price level and product quality, retraceability of product origin, degree of spatial consolidation. Further connected characteristics are the enterprises involved (part and full-time traders), the target groups addressed, local to international catchment area of traders and customers. Any strategic support will have to start here to be effective.

From the perspective of local support and consolidation of entrepreneurship, mobile trade is particularly important when it comes to supplementing stationary or virtual distribution channels. Beyond the professionalisation of regular market traders, markets offer opportunities for test runs of new products and offers particularly in the non food segment. Hardly any other distribution channel permits discovering the reaction to the demand of a product as directly as the market. Thereby, in addition to securing a livelihood, a field opens up to support start-ups and extensions of entrepreneurial footholds.

By means of researching examples, we examine, extend, and deepen the overview on possible strategies to support markets. We will be glad to include your ideas and information on further examples. For further research, the following questions may serve as orientation:

- What potential do non stationary distribution channels bear for micro and medium-sized enterprises?
- What potential do halls (e. g. former industrial buildings or unused former department stores) offer as stationary sales locations for typical market trade assortments or for growing branches such as arts and crafts, design etc?

For our research we keep looking for example for the support of market trade and its entrepreneurs. We will be glad to include your ideas and information on further examples. Please contact marianna_poppitz@hotmail.com

Principle questions on the polarised development of different market types are to be addressed:

- Is market trade losing importance as local supplier?
- What chances do markets have as distribution platforms for fresh products in the segment of high-quality organic food? How can direct sellers be acquired as vendors or suppliers?

In addition to the growing demand of stationary organic products, a continuing trend of ethnic economies as local suppliers at markets is showing.

- What potential do ethnic economies in market trade possess, how can they be supported, how can synergy effects with other providers be seized?

Using and combining different distribution channels („multi channel marketing“) offers far reaching advantages, whose substance has to be examined and emphasised:

- What obstacles and what advantages do non stationary distribution channels such as on-line and market trade bear? Do they possess a significant share of particular branches' trade volume?
- Where are sensible transitions between operating a mobile stall and establishing a stationary business?
- What supplementary and marketing function do stationary, virtual, and mobile distribution channels offer? Which distribution channel is suitable for what products and services?

Finally, there remains the question on further participants and supporters of market trade as a form of local economy.

- Which objectives, fields of activity, and relevant actors play a role in shaping and supporting particular market types?
- Who can be mobilised and integrated and in what way? Whose information and knowledge is important in developing an aspired market concept?

In the context of networking knowledge and offers of support, a field of activity is emerging in the realm of micro finance. In the face of constant pressure to specialise while competing over hybrid, volatile target groups, adaptability to changing economic circumstances and new market potentials is a decisive aspect of entrepreneurial success. The step-by-step development of business concepts requires a know-how that can only be acquired through long presence in a branch. In order to assure survival in market trade for newcomers in different fields, it is not so much the amount of funding that is important, but

the length and intensity of tutoring. Possibly, it is not only the entrepreneur who benefits from a more intensive local tutoring, especially in market trade. Here unlike anywhere else, business consultants with a broad portfolio have the opportunity to get to know the current developments of trade, in a situation of direct interpersonal exchange between provider and customer.

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