# Markets Matter

## Reviewing the evidence & detecting the market effect

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# Executive Summary

At the request of the National Association of British Market Authorities and, as part of the High Street UK2020 project, we have conducted a comprehensive review of the published evidence demonstrating, unequivocally, that **markets contribute to the economic, social and political health of towns and cities**. We have also conducted analyses of large footfall datasets, provided by Springboard, to show that **markets add to the vitality of specific centres**. Finally, we show how **markets act as important catalysts for change** in town and city centres.

These are the **25 most important reasons why markets matter**, identified in this report.

## Markets matter economically

**Markets have a significant turnover and notable multiplier.** The total turnover of markets in the UK in 2008 was £7.6 billion (RMA 2009). Studies from the USA (Econsult, 2007) and Canada (Regional Analytics and Planscape, 2011) have estimated the direct, indirect and induced economic impacts equate to a multiplier effect of around 3. This suggests the £3.5 billion turnover directly attributable to retail markets (Retail Markets Alliance, 2009) is worth £10.5 billion to the UK economy.

**Markets positively impact on town centres.** Markets can generate footfall increases of around 25% for town centres as new research for this project shows. Markets increase retail sales, with significant numbers (55%-71%) of market visitors spending money in other shops (New Economics Foundation, 2005). This is worth £752 million per annum to London's shop-based retailers (Regeneris Consulting Ltd., 2010).

**The markets industry is a significant employer nationally and at a local level.** In the UK, 105,000 people were directly employed in the markets sector in 2008 (Retail Markets Alliance, 2009) with many others in support roles. 22% of those working in retail in Leeds City Centre work in the market (Gonzalez and Waley, 2013).

**With low barriers to entry, markets are excellent business incubators and support business formation.** There are some 47,000 micro and small to medium sized businesses operating on markets in UK (Retail Markets Alliance, 2009). This not only supports local economic development and diversity of retail offer but also encourages individual empowerment (Morales, 2009).

**Markets contribute financially to local activities.** Municipal control of markets became commonplace in the late 19th century (Davis, 1966) and 60% of markets are still run by the public sector (2009). Income from markets supports wider local authority services (Gonzalez and Waley, 2013).

**Markets support inter and intra-generational economic mobility.** Many market traders are family businesses and employ extended family members on either a part or full-time basis (Eshel and Schatz 2004; Morales, 2011). The emergence of youth markets and the 'teenage market' is generating income for young people (Teenagemarket; NMTF).

**Markets provide employment and self-employment opportunities that are open to all.** Markets provide entry-level employment that can assist relatively unskilled or under-capitalised individuals and have also proved attractive to immigrant communities (Balkin, 1989; Tangires, 2003; Morales, 2009; Regeneris Consulting Ltd., 2010).

**Markets create multi-use and multi-scale economic environments, promoting commerce and competition.** Through markets, small and micro businesses have direct access not just to individual consumers but to larger businesses to whom they can become suppliers.  This provides diversity of offer and encourages co-location (Morales and Kettles, 2009; Nicholson, 2009; Morales, 2011) and competition.

**Markets contribute to making other businesses viable**. There can be significant earnings for farmers who attended markets (FoE 2000; Brown and Miller,  2008) with increased profit margins (DEFRA, 2012), whilst these and other markets offer income opportunities for local businesses that contribute to their sustainability (Morales, 2011).

**Markets increase town centre resilience**. Resilient towns respond and adapt to change (ATCM and CLES, 2015). By representing more flexible and adaptable retail space, markets can respond quickly, satisfying the current trend for an increased convenience offer, for example. Our research shows markets actively contribute to **all** of the 25 priorities that can improve town centre vitality and viability, identified by the High Street UK 2020 project (IPM@MMU, 2014).

**Markets provide access to affordable goods**. Shoppers identified 'price' as the main reason for shopping in some of London's traditional markets (New Economics Foundation, 2005) and low-income shoppers 'rely on their affordability' (Gonzalez and Waley, 2013). Market prices are consistently lower than supermarkets (Regeneris Consulting Ltd., 2010).

**Markets attract tourists**. They are "unique, quirky, unusual and always a bargain" according to VisitBritain, with a distinct atmosphere (New Economics Foundation, 2005). Markets offer an enhanced tourist experience as they allow visitors to take part in the everyday life of the place they are visiting (Pappalepore, Maitland and Smith, 2014).

## Markets matter socially

**Markets are places of social interaction**. Used by all sections of society, markets are where people of different incomes, ages, genders and cultures can meet together and interact (Tangires, 2003; Watson and Studdert, 2006). They are the happy 'third place' of spontaneous interaction (Oldenburg, 1988).

**Markets facilitate community cohesion and social inclusion**. Because of the ease of becoming a trader, markets have traditionally been attractive to new arrivals. They encourage newcomers to become part of the community (Morales, 2000; Tangires, 2003) and are spaces of diversity (Watson and Studdert, 2006).

**Markets are crucial to the distinct identity of a town or area**. From Market Rasen and Downham Market to the 'modern market town' that Altrincham prides itself on being, markets are emblematic of many places. They embody a community and set it apart from those without such an asset. They are a key part of the experiential identity of the place (Kavaratzis and Ashworth, 2006) and enhance the city image (Morales, 2009).

**Markets animate vacant or underused space.** Whether in street, market place or vacant lot, markets create vitality and animation, drawing customers and onlookers. Their layout can encourage exploration and discovery. (Morales, 2011 citing Gerund 2007; Manchester City Council, 2014).

**Markets benefit disadvantaged communities.** The presence of local markets offering affordable and fresh produce can increase choice for people in deprived areas and improve their quality of life and help address social problems (Morales 2009, Regeneris 2010).

**Markets contribute to community development.** The small business nature of markets, their entrepreneurial character and integration with the locality promotes community development and connectedness (Morales 2009; Blanchard, Tolbert and Mencken, 2012).

## Markets matter politically

**Markets promote sustainability.** Environmental and ecological benefits arise from selling locally-sourced products (Bentley & Barker 2005), maybe organic or ethical (Gonzalez and Waley, 2013) and through serving local communities who mainly walk or use public transport (New Economics Foundation, 2005; Regeneris Consulting Ltd., 2010).

**Markets offer food security.** The network of wholesale and livestock markets and the number of businesses involved in retail markets provides food resilience (Morales 2009; Carey et al, 2011) and a vital link between urban and rural life (Atkinson and Williams, 1994).

**Markets promote community health.** The availability of fresh and affordable food, opportunities for social interaction and participation in leisure activities enhance physical and mental well-being, especially for communities who would not otherwise be reached (Morales and Kettles, 2009; Treuhaft and Karpyn, 2010; Carey et al, 2011)

**Markets are places of innovation, experiment and education**. The low operating costs, smallness of scale, availability of stalls and the fluidity of markets encourage traders to take risks and try ideas and products that may not be viable elsewhere (Morales, 2011) and provide the opportunity to educate shoppers in how to use and learn more about different products (New Economics Foundation, 2005).

**Markets engage people in society.** The fact that markets are organised and regulated ensures participation by people from all backgrounds (Morales, 2011). This agglomeration and active engagement in shared activity has mutual benefits, both commercial (Novelli, Schmitz and Spencer, 2006) and social (Alkon, 2007; Blanchard, Tolbert and Mencken, 2012) and secures an active response from shoppers (New Economics Foundation, 2005; Murphy 2011)

**Markets are flexible.** There were 2079 markets in the UK in 2009 (NMTF, 2014). The same space or stalls can be used to sell different commodities targeting different social groups at different times as exemplified by Ludlow and St George's Market, Belfast. They can respond rapidly to change with new innovations such as Teenage Markets, night markets, and extended trading hours.

**Markets shaped the world we live in and are part of our cultural heritage**. The concept of a 'market town' is ancient and familiar and continues to have a profound effect on town and city centre performance (Parker, Ntounis & Quin, 2015). Markets determined our very geography and culture (Mumford, 1961; Braudel 1979)

## Markets have a significant impact on footfall

Our review of the published evidence has been augmented by an empirical investigation to establish a market effect. We have tested the hypothesis that **markets attract significant footfall** into town and city centres. Footfall is a key indicator of town and city centre performance, representing activity, usage and relevance. Towns and cities should be attractive and welcoming to all their citizens, not only the ones that intend to spend money. We propose a busy town is a healthy town.

**Our research provides the strongest evidence to date of a market effect.** The operation of a market significantly increases footfall on each of the homogenous weekday shopping days (Monday, Tuesday, Wednesday and Thursday) by between 15% to 27%, when compared to locations without markets, on the same days. Our analysis of how markets contribute to town centre vitality and viability demonstrates the potential for markets to be leading the way, helping more 'fixed' forms of retailing adapt to the changing expectations people have of their towns and cities.