



FOCUS GROUP SHORT FOOD SUPPLY CHAIN MANAGEMENT



Discussion Paper

1st Meeting in Prague on 10/11 December

Introduction

Development of (the many forms of) short food supply chains (SFCs) is one of the approaches of the Common Agricultural Policy to improve competitiveness. There are many different types of SFCs, ranging from direct selling on the farm, farmers' markets, community supported agriculture, collective direct selling etc. to food chains with one intermediary, as in restaurants, retail shops, collective catering, and also supermarkets where local procurement is highlighted. A lot of examples already exist but they are generally small-scale and limited in impact. Common characteristics are to establish a more direct relationship between farmers and consumers and to enable farmers to obtain a higher share of the value of the final sales price by reducing the number of middlemen and stages of the process.

Scaling up SFC management in the European Union is hampered by various factors. In this context, 'scaling up' broadly means increasing the number of producers involved and the total volumes traded through these chains. The objective of the Focus Group is to identify innovative solutions to stimulate the scaling up of SFCs to improve farmers' income.

The main question is:

How to stimulate growth of short food supply chains in Europe, both in terms of numbers of producers involved and volumes traded, to increase farm income?

The Focus Group has the following tasks¹:

1. **Identify** and analyse the different SFC chain models existing in Europe.
2. **Identify** those models that substantially improve farmers' income, and have potential for scaling up in terms of the number of producers involved and volumes traded.
3. **Identify** the main needs or instruments required to implement these models and the factors that currently hamper the scaling up.
4. **Identify** existing examples of how these factors can be addressed in Europe, and **explore** the role of knowledge transfer in addressing them.
5. **Explore** innovative solutions to address the hampering factors, **propose** directions for future research work and come up with ideas and topics for Operational Groups.

This Discussion Paper is the start of the Focus Group work. The aim of this paper is to support and stimulate discussion and it is not intended to present final conclusions of the Focus Group at this stage. Please note, this discussion paper incorporates comments and data supplied by expert members of the focus group while preparing the paper. The main comments are summarized in

¹ Some comments received deal with the scope of the tasks. Although the tasks cannot be changed, the majority of comments have been reflected elsewhere in this paper in relevant sections of the discussion.

sections entitled 'Discussion'. **Discussion points** arising from the expert comments have also been identified throughout the text, and these will be used to structure the focus group conversations.

This Discussion Paper is meant to support the 1st meeting in Prague on 10-11 December 2014. This first meeting has the objective to get the overview, to start the exchange of knowledge and experiences and to narrow down the work of the Focus Group to some models that substantially improve farmers' income. Emphasis will be on the questions 1 and 2 above.

1. What are short food supply chains? An overview of different models

SFCs operate with a reduced number of intermediaries between producer and consumer, when compared with 'conventional' food chains. The foods involved are identified by the locality, or even specific farm, where they are produced. A critical feature of SFCs is that the product reaches the consumer embedded with information which allows the consumer to make 'value-judgements' about the food, the production methods and potentially about the values of the people involved (Marsden *et al* 2000). In SFCs, emphasis is placed on building trusting and transparent commercial relationships between producers and consumers. Information about the food, producer and production methods can be conveyed either on packaging or in person through verbal communication at point of sale. In theory, the differentiation of products in this way allows products to command a premium price, if the information provided to consumers is considered valuable. This, however, is only one model and many producers want their products to remain affordable to consumers. They therefore seek to reduce their costs in order to achieve this, whilst at the same time retaining the value-added on their produce by removing as many intermediaries as possible. This point is especially pertinent at this time as Europe continues to experience economic crisis and large numbers of consumers fall into food poverty and 'hidden hunger.'

Some authors (such as Marsden *et al* 2000) do not provide an upper limit on the number of intermediaries in a SFC, but others suggest that the number of intermediaries should be 'minimal' (e.g. Ilbery and Maye 2006) or ideally nil (Progress Consulting Srl 2010). In France, for example, SFCs are known as '*circuits courts*' (direct translation: short circuit) and are widely understood according to a nationally recognized definition, proposed in 2009 by the Agriculture Minister, Michel Barnier. According to this definition, a *circuit court* is characterised by no more than one intermediary between producer and consumer. Intermediaries can include shops, retailers, restaurants, school canteens and collective groups who enable producers to access markets. In cases where the producers and consumers are in the same region, the term *circuit court de proximité* is used. In France, processors (such as an abattoir or wheat mill for instance) are not considered as intermediaries, but are regarded as service providers and so are not counted in the *circuit court* (Source : <http://www.manger-local.fr/circuits-courts/qu-est-ce-que-les-circuits-courts>).

Many different types of SFC have been identified, and several different typologies have been suggested (references will be added in the final report). One way to differentiate SFCs is to split them into 'proximate' or 'distance' types, as shown in the table below. The proximate types involve face-to-face sales and direct sales and are characteristic of 'local' food systems. The distance types can also be direct sales, but often involve an intermediary and may also be based on internet sales. The transaction costs resulting from distribution mean that distance SFCs are often occupied by larger businesses (Renting *et al* 2003).

A full sub-classification of the types of SFCs found in the EU was proposed by Kneafsey *et al* (2013)²:

² The definition of 'proximity' is open to debate, in the same way as the definition of 'local', but for the current purposes, this is understood generally as sales that do not require extended travel time from either consumers or producers. Clearly, expectations of 'extended' travel time will vary from region to region, so the notion of 'proximity' will also vary

Box 1: Sub-classification of Short Food Chain Types	
SFSC	Sub-classification
<p>Sales in proximity. These may be achieved by farmers acting individually or collectively, but produce has to be traceable back to a named farmer.</p>	<p><i>Community Supported Agriculture:</i></p> <ul style="list-style-type: none"> - These can vary in structure but follow same essential principles whereby subscribers receive a share of the harvest in return for money and labour. <p><i>On Farm Sales:</i></p> <ul style="list-style-type: none"> - Farm shops - Farm based hospitality (e.g. table d'hôte, B&B) - Roadside sales - Pick-Your-Own
	<p><i>Off Farm Sales – commercial sector:</i></p> <ul style="list-style-type: none"> - Farmers' markets and other markets - Farmer owned retail outlet - Food Festivals / tourism events - Sales directly to consumer co-operatives / buying groups - Sales to retailers who source from local farmers and who make clear the identity of the farmers. - Sales to HoCaRe³ as long as the identity of the farmer is made clear to end consumers.
	<p><i>Off Farm Sales – public sector:</i></p> <ul style="list-style-type: none"> - Sales to hospitals, schools etc. The public sector institution in this case is understood as the 'consumer.'
	<p><i>Farm Direct Deliveries:</i></p> <ul style="list-style-type: none"> - Delivery schemes (e.g. veg box) - Vending machines
<p>Sales at a distance These may be achieved by farmers acting individually or collectively, but produce has to be traceable back to a named farmer.</p>	<p><i>Farm Direct Deliveries:</i></p> <ul style="list-style-type: none"> - Delivery schemes - Internet sales - Speciality retailers

Discussion⁴

- The table underplays the important role of intermediaries and yet these are crucial to scaling up
- Not enough focus is given to what are known in France as the 'service providers' in the food chain, such as butchers, fish smokers, millers, bakers etc
- "proximity/distance" is hard to use, for the following reasons:

³ HoCaRe – hotels, catering and restaurants

⁴ Please note, the sections titled 'Discussion' are summaries of the expert input while preparing this paper. Following discussions at the focus group, several points will be integrated into a final report with recommendations to be published at the end of the Focus Group activities

- internet sales show under “sales at a distance”. There are many examples of internet sales linking local producers and local consumers only.
- how to define proximity and distance. In France, for instance 80 km is often used because it is a “legal distance” for producers to avoid being submitted to some European rules for hygiene devices. However, in a collective shop of farmers, most of the production is made in a circle of 30 km around the shop, except for rabbit that comes from a farm 100 km away, because there is no nearer producer complying with their own environmental requirements. The 30 mile rule is also used in farmers’ markets in the UK.
- Several alternative typologies were supplied – these will be provided in an Annex of the final report of the Focus Group
- A large number of variations of the types listed in Box 1 was identified – these will be provided in an Annex of the final report of the Focus Group

DISCUSSION POINT 1:

Whilst we do not wish to spend too much time discussing the typology of SFCs, a common working definition of SFCs is needed for the focus group. It is proposed to build on the French definition, whereby a SFC consists of a maximum of one intermediary between producer and consumer (but ‘service providers’ such as abattoirs are not included as an intermediary). The origin of the product should be made clear to the end consumer or customer. We can distinguish between a consumer who is an individual shopper, and a customer that is an institution such as a school or hospital.

Key trends in SFCs in EU⁵

- A study of 84 examples from the EU suggested that products primarily traded are fruit and vegetables, followed by meat and dairy products.
- The limited information available suggests that they are mainly small schemes, employing less than 10 people
- From available data, it seems that most SFCs only sell locally; only a minority export
- SFCs in the EU have been developing and diversifying.
 - in addition to ‘traditional’, direct sales on farms and roadsides and at markets, there are now many examples of SFCs using the internet and smart media to connect in different ways with consumers.
 - There are also collective and collaborative initiatives to supply larger customers such as retailers and public sector caterers, and many projects that are creating new ‘civic’ networks of producers and consumers with strong social and environmental agendas (Renting, 2012).
 - Many innovative SFCs can be found in cities and peri-urban areas.
- More research is needed to understand the different SFCs structures in different EU countries as well as the challenges and the new possibilities. Data so far suggests that the largest schemes (such as multi-producer box deliveries) are found in Northern European countries and that a greater diversity of social and ethical agendas is found in the marketing materials used by Northern schemes; Southern European countries have many smaller initiatives and these are often on farms; SFCs of certified organic produce are less prevalent in New Member States. At present, it is possible to speculate that these differences may be due to different food cultures linked to different agricultural and rural-urban structures; different shopping habits (including the extent of online shopping and the role of supermarkets); the role of local and national policy initiatives; attitudes towards labelling and certification; and possibly the ways in which tax, food safety and hygiene regulations are implemented.

⁵ Following information taken from Kneafsey *et al* (2013)

Discussion:⁶

Experts recognized that there are differences between and within countries in the EU⁷. It was suggested that the UK is one of the most centralised, with the vast majority of food sold through large supply chains. Over time this trend is being seen across Europe although the starting point and speed of change are different. A particular 'Dutch' view seems to be emerging, whereby in contrast to countries where local food is rather distinct from conventional food (ideologically and in terms of social organisation), in the Netherlands it seems more hybrid: a pragmatic mix of conventional and local (not necessarily against supermarkets, not always organic). There is also an emphasis on the multifunctionality of farms, serving many social, environmental and economic purposes:

"I think that the SFC is an important part of a multidisciplinary approach in farms. We don't produce only products, but ethical and environmental products."

The differences between and within countries can be explained by referring to the ways in which several different but interconnected factors combine over time and in different places to produce various food cultures, behaviours and food chain structures:

1. Urbanisation and household income: More highly urbanised populations tend to create markets for innovative short food chains, which are using the internet and social media as a key tool to 'reconnect' consumers, producers and food in the context of consumer demand for a wide variety of food which can be accessed flexibly and conveniently. The concentration of consumer demand in urban areas can pose problems for producers in remote rural areas who are hindered by the high cost of transport. Linked to this, the development of SFCs and local food consumption in different countries is strongly influenced by the size of discretionary income in households. In the poorer new member states sometimes the premium price of the local food is an obstacle for developing producer-consumer relations (especially locally). This can also affect public procurement programmes in an age of austerity, when the rules of public tender dictate the choice of the cheapest food for schools, hospitals, and other public sector catering.

Discussion Point 2:

Is food from SFCs affordable? Should affordability (for the average consumer) be taken into account while identifying opportunities for scaling up?

2. Agricultural development and rural land ownership: In rural areas where small family farms survive, more 'traditional' forms of short food chain persist and are integrated into daily consumption practices (e.g. Romania, Poland). The land ownership and farm size is crucial. Scotland for example, has a large amount of rural space relative to its population but also has the most highly concentrated land ownership in Northern Europe. Relatively few small-scale producers survive and the infrastructure to support them is limited. Linked to this, the mode of agricultural development is also vital: regions characterized by large-scale farms oriented towards commodity markets, CAP payments and supplying to multi-national food processors and retailers are arguably less fertile grounds for SFC development, as illustrated by the French agricultural census which showed SFCs to be concentrated in the less productive agricultural regions. Another example is Hungary, where the region of Jászág (in the Eastern part) saw traditional farmsteads destroyed during the 1960s and 1970s and the region now lacks diversification and producer cooperation. In contrast, the region of the rivers of Danube and Tisza is characterised by diversified, sustainable family farms using various kinds of innovative food chains.

3. Cultural context: Several experts commented that behavioural patterns vary widely from north to south and from west to east as well, and that these differences relate to cultural context. In very broad terms, different food cultures can be detected in Anglo-Saxon countries, compared to the

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⁷ A full detailed listing of trends within countries will be provided in the final report of the Focus Group

Mediterranean and Eastern European countries. Anthropologists and sociologists have attributed this to different cultural meanings attached to food (e.g. 'food as fuel' compared to 'food as pleasure') and these meanings are in turn embedded within and related to societal differences concerning gender roles (especially the role of motherhood), the organisation of the working day, knowledge about food preparation and the extent of rapid industrialisation and urbanisation. So for instance, a cooked lunch at home is still common in smaller towns in the rural regions of Italy, where a long lunch break is taken and the working day continues late into the evening. This is in contrast to the Anglo-American model of a short sandwich break in the middle of the day (or no lunch break at all) and an earlier end to the working day (in theory, at least). These differences have their roots in the historical development of working patterns, agricultural production and industrialisation. In England, for instance, rapid industrialization and urbanization during the 19th Century meant that patterns of eating and food procurement were the first to be shaped according to the demands of 'factory time' rather than the natural and seasonal rhythms of work during.

Whilst cultural differences are important in terms of explaining the present structure and organisation of food chains, several experts noted that culture should not be regarded as 'deterministic'. Food cultures can and do change over time even if they are experienced as relatively static. Several experts commented, for example, on the 'rediscovery' of food in northern countries, especially in terms of its social function as a medium for reconnecting people, and communities. Cultural differences also exist within countries, so even in Italy and Spain, cooking skills have been lost in many poor urban and suburban communities.

4. Policy frameworks: National level definitions are important in providing regulatory frameworks for SFCs. France, for example, has developed a national definition of a 'circuit court'. In Hungary and other Central European Countries the term 'direct selling' is used due to certain TAX and financial laws.

It is important to note that given that different countries and regions exhibit different combinations of the above characteristics, it can be difficult to transfer innovations from one context to another. For example, the Estonians have intensively studied the experience of the Austrian local food producers and their distribution channels since year 2000. However their methods are not always transferable to the Estonian conditions due to totally different population density and settlement patterns.

Whilst the difficulty of drawing generalisations was recognized, there was a general trend to identify broad differences between Northern, Southern and Eastern Europe, which are summarized in the table below. It is notable that the Southern and Eastern countries share some common characteristics:

Northern	Southern	Eastern
<p>Large supermarkets dominate food chains (most extreme example is the UK – and yet also the supermarkets have invested in identifying producers by name and location)</p> <p>Relatively few distribution systems for small producers</p> <p>Land ownership concentrated in the hands of a few (especially in Scotland)</p> <p>Greater development, innovation and diversity of forms of SFCs</p> <p>More producer and consumer collaborative projects, often using the internet to help co-ordinate activities.</p> <p>Food is part of a 'hip' urban life, generating new activities and connections; importance of ICT, social media; connected to 'stories' such as the Nordic Cuisine, Buy British etc.</p> <p>A tendency to consume "easy to prepare" meals during the busy week. At the weekends there is more time to shop and look for the best ingredients (from farmers/market/foodhall) and more quality time to cook and eat together (with family and/or friends).</p> <p>Debates continue as to whether SFCs are elitist...</p>	<p>Many small SFCs exist, mostly family based.</p> <p>Lack of co-ordination amongst many small, individual SFCs</p> <p>Limited marketing strategies of traditional products</p> <p>More focus on old traditions, becoming fashionable again</p> <p>Tourist market is important</p>	<p>Strong links between producers and consumers have persisted – often in irregular, unofficial or semi-official forms (ie. persistence of 'traditional' forms of food chain)</p> <p>Where lots of small farm holdings remain (parts of Poland, Romania, Bulgaria especially) SFCs are integrated into daily living. Initiatives are not well connected (perhaps they do not need to be)</p> <p>Home food production and foraging persists, especially in rural areas</p> <p>Most consumers or farm products are located in cities</p> <p>Socialist history has left a fear of collective initiatives (and lack of trust)</p>

Discussion point 3:

Does this provide a satisfactory overview of important differences or should more points be added?

Whilst the above broad differences are apparent across the different culture-regions of the EU, experts also identified a number of general trends that can be identified in a majority of their respective countries:

1. Sustained consumer demand for local and seasonal produce: many experts noted the sustained and even increasing demand for local, seasonal food, inspired by interest in ethical and environmental issues. It appears that the interest is not just short term, and for some consumers is being built into more sustainable ways of living and a desire to reconnect with food, old traditions, and communities. This is especially noticeable amongst urbanites, where local food is currently fashionable, and where access is being enhanced through smart media and novel retail spaces. The main trend is that consumers want to know about the origin of food, and are interested in buying directly from the producer: rightly or wrongly, local food is often seen as safer and more trustworthy than 'placeless' food. In some cases, demand is even outstripping supply. Although the JRC study (Kneafsey *et al* 2013) suggested a tendency for SFCs to deal in organic produce, this was contested by evidence from the UK, where organic sales have declined since 2008 but 'local' sales have continued to grow strongly and from France, where 50% of consumers associate SFC with organic production but only 10% of producers using SFCs actually have the organic label.

2. 'Conventionalization' of SFCs: no doubt recognizing the opportunity created by consumer demand for produce of local and transparent origin, many stakeholders who were formerly indifferent or even opposed to SFCs are now entering the sector. In some cases, supermarkets are aggressively taking over the marketing of local food and providing produce of clear origin (with the producer's name and face, for example on the packaging). This is of course very convenient for consumers who can buy local produce along with their other household provisions.

Discussion point 4:

Is conventionalization a favourable route for SFC development in relation to increasing income for producers?

3. Producers becoming more active: at the same time as supermarkets have entered the sector, producers are becoming more active in seeking distribution channels which allow them to create close relationships with consuming communities, either local or far-away. Producer organisations are developing their own brands and trademarks in competition with the supermarkets' own labels, and are focussed strongly on the quality of their product. They are also developing new relationships with the hospitality and catering sectors. There is a point of view that suggests that the dominant position of conventional retail is under pressure (e.g. internet sales are on the rise). Also, in the Netherlands for example, the dominant position of fast food is under pressure (fast casuals on the rise).

4. Consumers becoming more active: In some places, consumers are initiating the creation of SFCs, notably in the case of Community Supported Agricultural schemes and collective purchasing groups. Consumer and producer collaborations are often in the form of social enterprises.

2. The economic impact of short food chains

What do we already know about the economic impact of short food chains?

It is important to distinguish between economic **viability** and economic **impact**. A SFC may be economically viable for the farming family involved, for instance, but may generate only limited impact on the local economy in terms of job creation. Most studies of economic impact typically use indicators such as jobs created, turnover, profitability and multiplier effects, but it is important to remember that SFCs also generate social and environmental impacts. However, these often go under-recognized because they are not attributed with an economic value. A full discussion of the economic impacts of SFCs therefore should ideally consider the ways in which economic impacts are usually calculated and question whether these are adequate to capture the full impacts of SFCs.

There is little systematic, quantifiable evidence regarding the contribution of SFCs to rural or urban economies and farmer livelihoods. This is due partly to the methodological difficulties of conducting cross-country comparative research with small and micro-scale enterprises (although the current EU project 'Glamur' is examining this issue). It is extremely difficult to obtain economic data for many of these schemes: given their size, nature and focus, many do not routinely collect or publish such data. Understanding the economic impacts of SFCs at farm level is complex for the following reasons:

- It is not unusual for larger farm enterprises to make use of a mix of 'short' supply chains (or even long supply chains as well) and it is often difficult to disentangle the contribution of each to farm business turnover and profit. In some cases, the 'conventional' part of the farm business may be used to support or subsidize the SFC, particularly in the early stages of development.
- The employment effects of SFCs are difficult to quantify, given the complex mix of full-time, part-time and seasonal workers as well as family labour, volunteers and trainees who are engaged in SFCs. In order to examine employment effectively it would be necessary to conduct a study which distinguished the different types of SFCs. For example, farm-based SFCs such as farm shops might generate different employment patterns compared to urban and community based SFCs.
- The economic impact will vary according to:
 - to type of SFC e.g. a farmers market compared to a farm shop
 - the location of the business ie. whether close to large urban markets/ tourism destinations or not
 - the types of food produce involved e.g. higher value, processed foods such as meat pies or honey, compared to lower value unprocessed goods such as fruit and vegetables
 - the existing infrastructure: e.g. the economic performance of local beef chains varies depending on the location of a slaughter house at proximity

In the EU, it seems that only a few countries have indicative data regarding the economic impact of SFCs. For example, the table below summarizes some national data available from France and Austria:

FRANCE	AUSTRIA
<ul style="list-style-type: none"> • 21% of farm businesses sell some of their produce through SFCs (107,000 enterprises) • Vegetable and honey producers are most engaged in SFCs • Farms using SFCs are generally small but have a higher than average workforce • SFCs are concentrated in the least productive agricultural regions • Producers using SFCs are more likely to diversify (26% compared to 8%) 	<ul style="list-style-type: none"> • Almost 30%, of farms use direct marketing (46,000 farms)
<ul style="list-style-type: none"> • For 40% of farms using SFCs, this type of 	<ul style="list-style-type: none"> • Around 50% generate 10% or more of

<ul style="list-style-type: none"> sale contributed over 75% to turnover For 30% of farms using SFCs, the contribution is negligible 	<ul style="list-style-type: none"> their income from direct sales, especially fruit and wine producers (respectively 32% and 24% of income) For 61% of farms, the importance of direct sales has been unchanged for last 10 years; for 29% it increased; for 10% it decreased
<ul style="list-style-type: none"> On-farm sales are the most common type of SFC 	<ul style="list-style-type: none"> 75% of all direct sales farms have farm shops
	<ul style="list-style-type: none"> From 2008-2011, household spending at farm shops fell by 15%; it grew by 15% at farmers markets and 6% at delivery services; expenditure at organic shops grew by 40%
<p><i>Data sources: 2010 Agricultural Census France; Key Quest 2010; RollAMA 2011</i></p>	

Discussion⁸

Drawing on responses from the experts, a whole range of indicators of economic impact⁹ was suggested. Some experts commented that a focus on farm incomes is not sufficient:

“Farmer incomes must not be seen in isolation from the GVA added along the food chain – there is a danger that in focusing only on the farmers we actually harm rural economies by reducing total economic activity.”

A number of other economic benefits were suggested.

- Full time equivalent jobs created and/or sustained on farms
- Employment for non-farmers, such as retailers, accountants, web managers and public jobs managing markets and fairs (ie. multiplier effects on employment).
- Additional local expenditure e.g. fresh vegetables attract consumers who buy other products at the same time; local food attracts tourists (ie. multiplier effects on expenditure)
- Total turnover at the farm level
- Gross profit at the farm level
- Cash flows and reserve
- What is the % contribution of income from SFCs to the farmer’s total income? And how is the SFC’s income divided (farm store, local retail, internet....)
- In many cases SFCs are the only option to keep a farm in full-time employment without any alternative (or only to give the farm business up) → What would be the economic consequences in a region if such holdings would give up their SFC business?

Some indicators are not easily measurable, but nonetheless vitally important and generate indirect economic impacts through rural development:

- Retaining and developing artisan trade skills

⁸ Please note, the sections titled ‘Discussion’ are summaries of the expert input while preparing this paper. Following discussions at the focus group, several points will be integrated into a final report with recommendations to be published at the end of the Focus Group activities

⁹ A number of experts agreed that the impacts of SFCs are broader than economic: they have important ethical, environmental and social impacts, for example. These are important but remain outside the scope of the focus group, which is concentrating on economic impact. However, it is acknowledged that the impacts that are currently regarded as ‘non-economic’ could in theory be converted into economic impacts, if for example, food waste was recognized as a cost in the food chain, or if the social benefits of SFCs were valued using mechanisms such as the Social Return on Investment tool, for instance. It is also noted that economic impacts for consumers are important, but this remains outside the scope of the focus group.

- Education, reconnection with food and farming, access to land and opportunities to grow food – many of these services are currently provided for free by certain farm based enterprises
- Generating cultural capital for an area through the provision and promotion of distinctive local food specialities, which is very important for tourism.

Discussion Point 5:

Is a focus on farm incomes adequate? Can the focus group agree on some additional key (currently) measurable economic indicators?

Focus on Farmers Incomes

A key aim of the EIP Focus Group is to identify models of SFCs which substantially improve farmers' incomes. Some studies suggest that farmer incomes are increased through direct sales, because producers are able to add a price premium (Pearson *et al*, 2011) and/or by eliminating the 'middleman' farmers can receive a greater share of the profits. However, as noted earlier, this particular economic model is not oriented towards increasing affordability for all consumers. Others studies have said that SFCs provide growers with an opportunity to diversify and add value to their produce that would not usually be marketed (Alonso, 2011; Broderick et al 2011). Despite these claims, relatively few are supported by empirical research and few have access to data like turnover, prices, cash flow, cash reserves, costs and labour input.

Of the few studies available, a large US survey found that direct marketing strategies have little impact on farmer income, and that the use of farmers markets is negatively associated with income (Uematsu and Mishra 2011). It speculates that this may be due to increased competition at farmers markets, low profit margins and intermittent participation, and suggests that direct marketing to consumers may be more of a risk management tool than a tool for increasing profits or revenue. Another study from the US (King *et al* 2010) found that producers receive a greater share of retail prices in local direct marketing compared to mainstream chains. In this study, producer net revenue per unit in local chains ranged from about equal to more than seven times the price received in mainstream chains. The study points out, however, that the producers have to assume responsibility for all the supply chain functions including processing, distributing and marketing, in order to capture revenue which would otherwise accrue to a third party. These supply chain functions often involve the producer's unpaid labour. The study calculated that although farms in direct market supply chains retain nearly 100% of the retail price, costs incurred to bring their product to market absorbed between 13% and 62% of the retail price, meaning that profit margins varied considerably. The variation is due to differences experienced in different product sectors and supply chains types. The authors state that whether producers are better off or not in local supply chains depends on volume of sales, size of price premium, cost of additional supply chain functions and the affects of seasonality. The study is important because it compares local and direct marketing chains to mainstream ones. For example, it found that although products in local supply chains travel fewer miles, the fuel use per unit of product can be greater than in mainstream chains. In the mainstream chains, greater fuel efficiency per unit of product is achieved with larger loads and logistical efficiencies which outweigh the longer distances.

A conclusion from these contrasting findings is that while certain risks like dependency on single outlets, anonymity and commodity type price pressures can be avoided with SFCs, they are exchanged with new marketing risks, labour requirements and costs. It is also worth noting that many producers operating SFCs primarily do so for ethical reasons, and many put the wider common good ahead of self-interest (Ilbery and Kneafsey, 1998); some authors have highlighted a danger of producer 'self-exploitation' whereby producers sacrifice their economic wellbeing for the greater environmental and social good, which is in the long term, unsustainable (Galt 2013). Interestingly, expert views on this issue were split roughly equally, with around half of the experts saying that they knew examples of self-exploitation and the other half saying that they did not. Some pointed out that self-exploitation is often a characteristic of small farms and family businesses in general, and not just a feature of farms using SFCs. Of those agreeing that self-exploitation occurs, some pointed to the difficulties of trying to combine multiple roles – farming, processing, sales etc. From Poland, it was

noted that ideologically-driven SFC initiatives organized with grant funding by environmental groups have regularly failed to attain sustainability in situations where sales have not been achieved for participating farmers. From the UK, a view was also expressed that some farmers are prepared to accept self-exploitation because they are motivated by ideology and as long as they survive they should not be discouraged from this as it often leads to innovations. It was suggested, however, that public policy and financial support should not be focused on helping producers who are primarily focused by ideology at the expense of economic and social return to their community.

Discussion:¹⁰

There was broad agreement amongst the experts that there is no straightforward answer to this question of which SFCs are best for improving farm incomes, and in addition - as shown above - income is only one indicator of economic impact. Experts agreed that there is no "one size fits all approach". A couple of respondents suggested that whilst some farmers are very successful with the direct forms of SFC (e.g. farmers markets, farmshops) in many cases their incomes from these are little better than other forms of farming they could run. However, farmers may participate for other reasons, such as improved job satisfaction, social contact with consumers as an antidote to the isolation experienced by many farmers, or environmental and ethical motivations.

Overall, the consensus was that there are many variables that influence the impact of SFCs on farmers' income, including the regional context, farm characteristics, entrepreneurialism, location and accessibility and the nature of the product (is it high added value or speciality, for instance?). Different SFCs will suit different farms and individuals, with some preferring simple structures with low fixed costs, and others wanting and being able to invest in larger scale and/or multifunctional operations. The type of SFC used is also influenced by geographical situation. So for example, in the Netherlands, on farm sales are a good strategy because cities are always near to the countryside, and the latter is also densely populated; consumers live near farms and are able to access them. A large national study undertaken in France (INRA 2009-2010) found that all types of SFC can be almost equally profitable and generate employment, but with specific conditions. The most profitable SFCs were found to be collective organizations, from production to sale (but scarce). More specifically, three factors improved performance: age of installation, involvement in collectives (for equipment, logistics or sale), and use of management tools (esp. crop planning tools in market gardening).

A key point is that the chain has to be shortened in order that the farmer (or farmers group) has control over the whole or a large part of it, and can thus retain the added value. The flip side of controlling the supply chain is that the farmer has to bear all the risks and costs associated with the whole chain: production, processing, retailing, marketing, distribution. A number of respondents noted measures that can mitigate against these risks and these are summarized below:

1. working **co-operatively** with other producers to share costs, increase the range of products on offer to consumers, to develop collaborative logistics and marketing systems, and in particular to form strong collective '**brands**'. Many experts discussed the merits of collaborative approaches although there was some disagreement about how complex these collaborations should be. One example is the "Landwinkel Coöperatie", a group of almost 100 Dutch farmers with a shop that work together on distribution, professionalization (how to present your products, routing in the shop, packaging, internet sales, marketing), product development and branding. Collaboration can enable farmers to supply major customers direct, e.g. retailers or caterers or co-ops, who can take large volumes allowing the farmers to focus on production efficiency to create margins. These are SFCs because they reduce the number of 'middlemen' but allow continued specialisation of function that in turn allows efficient supply chains and large markets to be exploited. Working in co-ops allows individual farmers to access more volume, a broader product range, more expertise, process and logistics efficiencies that either increase margins and/or open up new markets to them.

¹⁰ Please note, the sections titled 'Discussion' are summaries of the expert input while preparing this paper. Following discussions at the focus group, several points will be integrated into a final report with recommendations to be published at the end of the Focus Group activities

2. **complex systems of networking** between stakeholders who are not only the current decision makers in agriculture. Stakeholders can include local authorities and urban developers, as well as educational institutions, or actors from industries allied to food.

3. **sharing of knowledge and know-how** between the stakeholders, for instance between cooks and their producers. New forms of educational methods, training and vocational education are required and use of social media to communicate with consumers and other stakeholders.

4. **combining several different types or 'modalities of scheme.** In the Netherlands, it is common to find a mix of SFCs, embedded in a multifunctional agricultural company. The company works on its own, but also is a member of a cooperative and also acts as a hub connecting citizens to agriculture. In France, studies have shown that each farmer involved in short food chains typically uses an average of three modalities. Producers develop a specific 'mix' of modalities to fit their needs, as illustrated in the example provided from France in Box 2.

BOX 2

- *40 % of my turnover comes from outdoor markets. The price is good, but it is time-consuming and tiring. Considering the time needed for production and processing, I can't afford to be present at more than 2 markets a week. Except in the summer, when opportunities linked to tourism, and the lack of demand for public catering, make it possible and useful to sell in a third market. Sales are highly unpredictable, bad weather is enough to sharply reduce the selling, and waste can be high. But there is swap with other producers at the end of the market. Depending on the consumers, my production planning can prove unsuitable.*
- *30 % of my turnover comes from a collective shop of farmers. The price is not as high as on the market, it's 10 % lower (the costs incurred for the maintenance of the outlet). But when I started, before my turnover grew up, it was 80 %: without it I never could have access to market. I keep grateful for my colleagues ... and I really love it. It creates most of the few opportunities to talk with colleagues who share the same questions and expectations, and I want to disseminate our practises. I also like the kind of consumers who come to our store, committed with local development. I know what they like and there's little waste. On the short term, sales are predictable but can change on the 1-2 years scale of time.*
- *15 % of the total turnover comes from a consumer cooperative for organic food. The price I receive is lower, and the price for the consumer is quite high. But I want to promote organic farming sourced locally, even if I never meet directly those consumers. Sales are regular.*
- *15 % is sold for public catering. Compared to the other channels, the price is quite bad, and there are no sales during school holidays. But I know precisely what the demand will be. In the long run, my interest is to prepare the next generation of consumers to eat local and environmentally friendly food. And I like to talk to children and have them visiting my farm.*

In this way I do not depend on one buyer, as I used to do when I did not control my sales scheme. And my

Opinions diverged as to whether SFCs should mimic conventional food systems, by trying to develop a supermarket style range of products, including basic and convenience products, or whether they should avoid duplicating the conventional food system and instead combine elements of both systems (for example, local food sold in nationally operated supermarkets, SFC that differentiate from the conventional system by selling heirloom, ethnic specialities, SFCs that do not just sell fresh produce but also processed food, up to full meals (with farmers owning the restaurant rather than supplying it).

3. Scaling up short food chains: opportunities and barriers

One way of thinking about scaling up is to refer to increasing the number of producers involved in SFCs, and increasing the volume, variety and value of food purchased by consumers through such chains. So for example, multi-producer, regional scale box delivery schemes and labelling groups enable groups of producers to reach a larger customer base than single farm, localised initiatives. However, an important point is to consider what we mean by scaling up: do we mean that a small number of farm based businesses increase their SFC activity and get bigger, or do we mean that many small SFC businesses proliferate? If scaling up occurs, does this increase competition between producers and/ or result in market saturation?

Discussion point 6:

The terms for scaling up in the focus group 'assignment' began with 'increasing the number of producers and consumers involved and the total volumes traded through these chains.' In order to avoid the scope becoming too narrow, it is suggested that a limited expansion of the concept of 'scaling up' should be agreed. For example, reflecting experts' comments on the economic impacts of SFCs, it could also include 'an increased number of jobs created'

The opportunities for scaling up will vary according to the type of business, the location and the products involved. Some SFCs do not wish to get bigger, because this would change the nature of their relationships with consumers. Moreover, different products may be suited to different SFCs. Non-perishable goods, for example, are suited to longer distance transport so can be marketed through spatially extended SFCs. Relatively standardized products – such as packaged foods - are more suited to internet sales where the consumer is not so reliant on a tactile assessment of product quality (through touch, smell, sight etc).

As most SFCs involve small businesses, they face problems common to many small enterprises, such as proportionately higher costs from adhering to tax, fiscal, social insurance regulations etc. Organic producers who are certified have to bear the costs of certification.

The following list of opportunities and threats to scaling can be identified:

The table below summarizes opportunities, or underlying trends in the market that businesses can respond to. It also summarizes threats, which are changes in the market that can have adverse effects on SFCs. The table refers to overall trends; specific issues that were mentioned with reference to particular countries are not included. Strengths and weaknesses in SFCs are discussed in the sections on barriers and potential for scaling up.

Box 3: Opportunities and Threats in the Market Place	
OPPORTUNITIES	THREATS
Consumer demand for locally produced, traceable, healthy and high quality foods.	Downward pressure on consumer spending power due to recession in Europe – although in some countries (e.g. UK) sales of local food have held firm despite economic downturn. Also, danger of being perceived as socially exclusive or a middle class 'niche'.
Supermarkets offering space to local small-scale producers can open up access to bigger markets.	Supermarkets developing own SFCs and offering local produce or produce of clear origin with greater transparency to consumers could eventually squeeze small suppliers out of the market.

<p>Growth in smart phones that make internet shopping easy for consumers. Some SFCs are taking advantage of this – particularly some of the larger box delivery schemes which offer choice and flexibility for consumers.</p>	<p>Remote rural areas may not have access to reliable broadband or mobile phone networks.</p>
<p>Growing institutional interest in public procurement of local food produce – but this opportunity is only evident in some countries.</p>	<p>Hygiene regulations are designed primarily for agri-industrial processes. This poses a threat to small producers. Although the rules allow flexible interpretation to lighten the burden for traditional products, this has only been used to a limited extent. For example, many small slaughterhouses have closed due to EC meat hygiene regulations and this has limited capacity for direct sales.</p>
<p>Tourism – there continues to be high interest in agri-tourism, access to greenspace, 'authentic' holiday experiences and purchase of local foods when on holiday. Particularly relevant to on-farm sales or farmer-owned retail outlets, but there is still much potential for further development for all types of SFSCs in relation to territorial branding and linking to agri-environmental initiatives.</p>	
<p>National and/or regional institutional strategies to promote SFSCs can provide very good support, particularly oriented to training and marketing/promotion. The increasing number of urban or city food strategies to increase local food production can also help create new market access for SFCs.</p>	
<p>Increasing cost of oil in the long term is likely to push food prices up. SFC potentially have lower transport costs – but only through collaborative approaches, smart logistics and access to energy-efficient vehicles.</p>	<p>Rising costs of inputs may also counteract savings from transport. Of relevance to farm based SFCs is the fact that rural infrastructure often makes transport expensive and difficult. Small volumes are less cost-effective.</p>
<p>Access to venture capital is increasing.</p>	<p>Lack of investment capital to quickly respond to market developments.</p> <p>Access to land is a critical issue. On the one hand, more and more landowners and local authorities are keen to promote local food systems and support farmers aiming at supplying local markets. But on the other hand, there are strong oppositions of conventional farmers and their organizations to this "soft agriculture" for economic, social, cultural and political reasons. Banks are generally quite reluctant to lend to farmers and experiences that are (i) small scale thus low profit for the bank (ii) poorly documented and referenced (iii) led by entrepreneurs many times educated but without previous experience or</p>

	farming roots, considered as risky despite many evidences of success.
	Unfair competition from supermarkets and other market traders who sell 'fake' local produce, with doubtable regional labelling

How can short food chains be scaled up?

The general view from our expert consultation is that all SFCs have potential for scaling up, but again, context is vitally important: different types of SFC will be appropriate in different situations, and in many cases a mix of SFCs will be best. There was no consensus on where most commercial value could be secured. One expert view was that the commercial and public sector categories offer the most potential for economic growth and not CSAs, on-farm sales or farm direct deliveries. It was suggested that the very small scale local, community driven models have received a lot of media and policy attention but they have failed commercially to break through. This view was contradicted by evidence from France, however, which showed the potential of such schemes to generate employment and by other experts who recommended on-farm sales as a growth area. These differences in opinion are no doubt shaped by the national and regional contexts that have already been discussed in this report. Nevertheless it is the case that the larger scale markets in commercial and catering sectors clearly represent opportunities to increase the volume and value of food traded through SFCs.

Discussion Point 7:

As the focus group cannot cover the entire SFC sector, we should target our discussions at a few types. For example, co-operative models? Multi-functional models? Supplying to large customers?

Another interesting point concerns a possible tension between 'ideology' and business 'realities'. As one respondent noted:

"I am very keen that the focus group avoids being driven by ideology and focuses instead on the facts. As uncomfortable as it makes many in the 'SFC, local, organic, farm direct lobby' feel, we now have single supermarkets in the UK who sell more 'local/SFC' product per annum than all the farm shops, box schemes and farmers markets combined"

Several experts commented that ideologically motivated SFCs did not often develop into sustainable businesses, and yet at the same time it could be argued that such initiatives are acting as seed-beds for innovations which can be adapted and developed into successful business models: Without the ideological motivations that inspire people to develop SFCs, perhaps some of the innovations now emerging would never have been attempted.

In some countries SFCs are still in their infancy and are in a pre-scaling up phase e.g. Poland, Croatia. From other countries, a large number of examples was provided, and these all feature collaboration between different actors in the supply chain, including supermarkets, consumer collectives, and intermediaries. Other frequently occurring elements include branding and use of internet. Some examples of mechanisms that provide potential to scale up are provided in Annex 3.

Factors of success for 'scaling up'

Many factors were suggested, the list below summarizes the most common responses:

- Mixing between different types of SFCs and between individual creativity and collective support
- Good Leadership, initiators with 'vision'
- A 'business' rather than 'ideological' focus i.e. successful examples want to make money and see SFCs as a growing market which they can exploit (many also believe in it, but this is secondary to their focus on business): 'pragmatic idealists' and/or 'social entrepreneurs'

- Entrepreneurship, professionalization and risk-taking to grow the business
- A focus on efficiency in the supply chain so that the higher costs which can come with SFCs are offset by higher prices and ultimately SFCs can reduce costs of supplying consumers as their market grows and they focus on competitive pricing;
- Developing a very clear consumer/customer story on the benefits of buying from them. Sometimes educational campaigns may be needed, however it is also important to listen to consumers and understand their needs (ie. Market focus)
- Developing co-operation models and building trust and shared goals between producers and other links in the supply chain (consumers, intermediaries, urban authorities)
- Use of ICT, internet, social media
- Small scale quality processing (still need for this!)
- Effective distribution systems
- Investment capital
- Implication of local authorities and also local 'animators' who understand the needs of small farmers
- Use of existing resources instead of creating new ones: wholesale markets, cooperatives... vs. new platforms
- Product range needs to have ultra-fresh products

Discussion Point 8:

Which key factors of success are most important for scaling up the different SFCs?

Factors that hamper scaling up

- Small workforce and reliance on key individuals to multi-task can lead to 'burnout.'
- Small enterprises unable to supply consistent quality and quantity on their own.
- Lack of small scale quality processing
- There are also barriers related knowledge and skill – many small producers are trying to cover too many bases and they are operating with high fixed costs, small markets and high levels of risk.
- Small enterprises often lack the necessary skills to take advantage of new opportunities in communications technology.
- SFC enterprises do not always know what support is available.
- lack of workforce due to demographic changes also on farms: farm families do not have 5 or more children anymore and are not always living together with the elderly generation under one roof; unpaid or poorly paid family workforce is less available.
- Compared to supermarkets and global brands, SFC enterprises have small budgets for marketing and communication, even with institutional support.
- Limited ability to expand is a problem for some small enterprises due to one or more of following factors:
 - due to their location they are confined to small, local markets
 - SFCs are already strong in their locale, so potential to grow is limited
 - High costs of production, processing, transportation can inhibit expansion
 - However, it should be noted that expansion is not always a business ambition for SFSCs; some want to sustain current operations, rather than grow bigger.
- Consumers do not always know where to access these products, or do not have time or transport to get to the outlets, especially if they are on farms.
- Image of SFC in media: elitist, organic, bobo, activist...
- Lack of technical, organisational support from agricultural mainstream extension services for a long time and now, competition between advice providers (as far as there are still few public funds around this topic!): much loss of energy and (public) money
- Consumers' lack of skills/habits to be able to distinguish farmers from resellers
- Anger of artisans: because producers are new competitors, because when selling directly those ones pay lower taxes; because when artisans procure raw material directly, they are not recognized; regional/territorial brands are often based on processing location and not on raw

material provenance (e.g. South of France cassoulet: duck from Poland, beans from Argentina!)

- Artisans and restaurants lack of skills and tools to procure directly (no more training to buy animals in butchers' initial training)

Discussion Point 8:

Which of the key factors that hamper success are most important for scaling up the different SFCs?

Summary of discussion points

For ease of reference, the discussion points are reproduced below:

1. *Whilst we do not wish to spend too much time discussing the typology of SFCs, a common working definition of SFCs is needed for the focus group. It is proposed to build on the French definition, whereby a SFC consists of a maximum of one intermediary between producer and consumer (but 'service providers' such as abattoirs are not included as an intermediary). The origin of the product should be made clear to the end consumer or customer. We can distinguish between a consumer who is an individual shopper, and a customer that is an institution such as a school or hospital.*
2. *Is food from SFCs affordable? Should affordability (for the average consumer) be taken into account while identifying opportunities for scaling up?)*
3. *Does the overview of regional differences in section 1 provide a satisfactory overview of important differences or should more points be added?*
4. *Is conventionalization a favourable route for SFC development in relation to increasing income for producers?*
5. *Is a focus on farm incomes adequate? Can the focus group agree on some additional key (currently) measurable economic indicators?*
6. *The terms for scaling up in the focus group 'assignment' began with 'increasing the number of producers and consumers involved and the total volumes traded through these chains.' In order to avoid the scope becoming too narrow, it is suggested that a limited expansion of the concept of 'scaling up' should be agreed. For example, reflecting experts' comments on the economic impacts of SFCs, it could also include 'an increased number of jobs created'*
7. *As the focus group cannot cover the entire SFC sector, we should target our discussions at a few types. For example, co-operative models? Multi-functional models? Supplying to large customers?*
8. *Which key factors of success are most important for scaling up the different SFCs?*
9. *Which of the key factors that hamper success are most important for scaling up the different SFCs?*

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Annex 2 – Info from FG selected members' applications

Challenges identified by experts

- *Logistics and distribution – cost
- *Access to finance
- Inflexible operating practices of mainstream buyers
- *Access to land near cities
- Re-introducing ecologically sound farming methods
- Rebuilding local skills and knowledge
- Redeveloping local processing and distribution infrastructure
- Scale up without reproducing all the problems of conventional systems
- No funding for marketing
- *Complying with safety and hygiene regulations
- Personal cost to producers
- Unfair trading practices

Opportunities identified by experts

- Supermarkets – shop-in-shop; duo branding; direct from the farm label
- Social media and digital technology
- Producer collaboration and producer-consumer collaboration
- To understand current consumer trends

All experts want to share:

- Ideas of best practice
- Success Factors
- Specifics
- brokering models
- hubs

* mentioned by more than one person

Annex 3 – Examples

Food hubs

Hubs have attracted attention in recent years as a mechanism for enabling more small-scale producers to either supply more individual consumers, or supply larger customers such as schools, hospitals or supermarkets. At its simplest, the Food Hub can represent any kind of organisational model where food sourcing and supply is co-ordinated, and may be contrasted with a wholly dispersed market system of direct links between the producer and the consumer (Morley *et al* 2008: 3). A Food Hub can act much in the same way as a traditional wholesaler or commodity clearing house, but it can also act as a 'broker' – managing information flows between actors in the food supply chain, facilitating particular types of relationships and supporting defined objectives that free markets on their own may not achieve. Hubs can be virtual and/or physical. Physical hubs can take the form of a depot or warehouse, which aggregates and distributes local foods either to large scale customers or individual consumers. Virtual hubs are information sources, such as the case of www.manger-local.fr, a website which helps consumers understand what SFCs are and where to buy food from them. In this example, producers who are listed on the site must have at least 51% of their turnover attributable to sales through SFCs. A criticism of the scheme, however, is that it is not widely known or trusted and is also associated with a regional brand dedicated to agro-industrial products ("South of France").

There seems to be little published research available on food hubs from the EU (but so far the search is limited to English language publications). The concept seems to be more developed in the US (see the National Good Food Network for many practical resources and studies on US food hubs). For example, a new study by Cleveland *et al* (2014) examined the case of food hubs in California which enable small producers to supply organic food to university canteens. They conclude that 'scaling up' from direct marketing was more likely to be successful than 'scaling down' from mainstream distribution. This is essentially because large enterprises attempting to 'scale down' tend to be motivated by short term economic goals whereas the small producers scaling up also want to promote and prioritize social and environmental goals. However, small producers scaling up face considerable challenges when trying to build economically viable models in a context which favours large scale, global distribution networks and the study argues that scaling up has to be built slowly, incrementally and through strong trust-based relationships between the actors involved.

Supermarkets

In Austria, the 'Bauernecken' or 'farmers corner' makes space for certified farm produce (Gutes vom Bauernhof) in supermarkets. The certification means that produce is direct from a named farmer. Either the supermarket buys the produce from the farm and re-sells it, or the produce is sold on commission by the supermarket.

In the UK, the supermarket ASDA makes use of local food hubs and has also initiated a number of measures to make it easier for small producers to work with them (See Box 4)

Box 4: What ASDA says about local sourcing:

Local products often come from very small suppliers. Therefore it is important for us to make it as cheap, easy and risk-free as possible for these suppliers to do business with us. That means we have had to change the way we work. As a result we have introduced the following measures:

- We promise to support local products, doing everything we can to ensure they sell
- No costly technology needed – unlike other suppliers, local vendors don't need to have an electronic information system that processes and receives orders and payments, all they need is an internet connection.
- Reduced payment terms – this helps ease cash flow problems
- Stripping out the jargon – many suppliers have never dealt with a large company like ours so we have simplified all our paperwork. Each local supplier is given a glossary and guide on how to complete the necessary paperwork
- Joint progress checks – every 4, 8 and 12 weeks progress checks are made by ourselves and the supplier
- Flexible delivering - a supplier can deliver direct to store, into our depots or via our unique local hub network.
- Local/small supplier packs – packs are given to all new local vendors which explain how to source barcodes; how to receive orders; how to generate invoices; what to do in the event of a product recall and who at ASDA can be contacted out of hours
- Local supplier days – these are held regularly to bring all local suppliers together, fix teething problems and ensure they have access to as many members of the ASDA local sourcing team as possible.
- A supplier also has access to Customer Planning colleagues who can assist with marketing, packaging and PR to help them drive their sales.

<http://www.asdasupplier.com/about-us/local-sourcing/local-sourcing> [accessed

Internet Sales, social media, digital technology

In the EU there are many examples of enterprises making use of new digital technology to solve logistics and financial management problems (such as processing customer and supplier payments). These are essentially digital food hubs. Some examples are in Box 5:

Box 5: Using digital technology to scale up	
UK	France
<p>FarmDrop', described as an on line farmers market which offers a customized order service. https://www.farmdrop.co.uk/#/.</p> <p>The customer orders what they want (minimum £5 order) and the farmer brings it to a 'drop' point at an allotted time each week. The drop is managed by a 'keeper' who deals with customers coming to pick up the weekly orders. The producer keeps 80 per cent of sales, a keeper makes 10 per cent and 10 per cent goes to FarmDrop. This social enterprise aims to grow communities around food. It plans to eventually cover the whole of the UK – 350 farm drops. There are currently around 125 producers involved.</p>	<p>Terroir Direct, offers a customized order service for ultra fresh local products. www.terroir-direct.fr</p> <p>Customers place their orders by phone or website any time between Friday evening and Tuesday 14.00. The farmers deliver to a central warehouse and from there a distributor takes the bags of food to 15 different collection points on Thursday or Friday of the same week. 60-70% of the profit goes back to the producers. Between 130-150 bags of food are prepared each week and the business is financially independent. It is run as a producer-consumer co-operative.</p>

Collective and collaborative logistics

Farmers in the US, supplied a major supermarket with local produce. The supermarket agreed that trucks returning empty from delivering produce to its regional distribution centre would call at a farm located nearby to fill the empty truck with local grown produce collected from nearby farms. One farm provided an aggregation point which required some small scale investment in a docking point and cold store (source: Kathy Nyquist, conference presentation:

www.sustainablesocietynetwork.net/digital-technologies-for-sustainable-local-agri-food-systems).

In Belgium, the 'Distrikempen' initiative consists 6 producers working together are commercialising their products to a B2B market. All have their own farm-stores. They work with the 'Pick, Drive & Delivery' concept where they have an agreement with an independent entrepreneur / facilitator taking care of all business related items: keeping the website & product line on order, taking orders from their customers, collecting prepared orders by the producers and ensuring they are delivered on time, invoicing and promoting the scheme. This partnership made it possible to deliver to local supermarkets and HoCaRe. After one year they are looking for new producers to join them, making it possible to widen their product range.