Short Food Supply Chains: Reconnecting Producers and Consumers

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Recent developments in the food market show a renaissance of traditional, direct ways of delivering food, coupled with an emergence of more innovative types of distribution systems which provide direct links between producers and consumers. These numerous types of short food distribution channels, commonly named short food supply chains, now coexist with longer, more ‘conventional’ channels of (mass) food distribution.

What are short food supply chains?

A short food supply chain (SFSC), as defined by the EU, is a supply chain involving a limited number of economic operators, committed to cooperation, local economic development, and maintaining close geographical and social relations between food producers, processors and consumers.¹

SFSCs were defined for the first time in the EU’s rural development policy for 2014-2020. The policy encourages European producers to become involved in SFSC initiatives with the possibility of co-financing from the European Agricultural Fund for Rural Development. As a result, urban and rural farmers who sell their produce directly to consumers, with minimum intermediaries, have increased in number in recent years.²

There are several different forms of SFSCs. One of the simplest is direct sales from the farmer to the end-consumer (on-farm, farmers’ markets, internet deliveries). Other forms include box delivery schemes, ‘pick your own’ and community-supported agriculture (CSA), where consumers financially support local growers by purchasing a ‘subscription’ to their fresh produce for a particular growing season. The main products typically traded in a SFSC are fresh seasonal fruit and vegetables, followed by animal products (mainly meat, fresh and prepared) and dairy products as well as beverages.³

To a large extent, the growth in SFSCs can be linked to a shift in consumer behaviour, which has shown an increased appreciation of local food and related attributes such as the place of origin, traditional production methods and processing techniques. Moreover, a 2016 survey carried out across the EU found that four out of five European citizens consider that strengthening the farmer’s role in the food chain is either fairly or very important.⁴ In keeping with this trend, the European Commission is supporting multi-actor projects in which researchers and agri-food practitioners (such as farmers’ groups, trade bodies, advisers and small enterprises) actively cooperate throughout the duration of these projects. STRENGTH2FOOD and SMARTCHAIN are two such projects, which share a specific interest in the topic of SFSCs and their impact on the local region. SFSCs are viewed by the European Commission as an important topic because of their potential for encouraging sustainable rural and urban development.

The Strength2Food Project...
Strength2Food is a 5-year (2016–2021) H2020 EU-funded project aiming to improve the effectiveness of EU food quality schemes, public sector food procurement policies and to stimulate SFSCs through research, innovation, and demonstration activities.²

Strength2Food researchers and practitioners have been working alongside each other to provide a better understanding of the sustainability of SFSCs, by assessing their economic, social and environmental impacts across Europe. The project has delivered two extensive reports on the key success factors and limitations of SFSCs, with important lessons for transferability, by looking at different types of initiatives across six European countries: France, Hungary, Italy, Norway, Poland and the UK.

SFSCs – what are the benefits and challenges for consumers and producers?

The first report explored the motivations, attitudes and practices of consumers, producers and retailers across 12 different SFSC initiatives (e.g. farmers markets, local fish shops etc).² The researchers collected data using interviews and consumer surveys, providing important insights across the whole food chain. The report highlights that SFSCs can provide important benefits to the general public. The increased face-to-face interaction with consumers typically results in higher levels of consumer trust. Consumers also appreciate the increased transparency and traceability associated with SFSCs, in providing information about where the food comes from, how it is produced and its associated characteristics (e.g. organic). Producers not only enjoy economic benefits but also greater autonomy and better utilisation of resources.

The research also highlights that different SFSCs use different types of communication strategies to share information about products between producers and consumers, and face specific challenges in this respect. They also play different roles in consumers’ daily food purchasing habits, as well as in local community building. For example, traditional SFSCs, such as farmers’ markets in Eastern and Southern European countries, were found to be important suppliers of fresh, seasonal and affordable food for many consumers. They are, however, challenged by the larger supermarkets on price and convenience. Other types of SFSCs distinguish themselves from conventional food retailers by offering local speciality products. As they often attract more affluent customers, they may exclude those with less spending power. Due to this complexity, a single measure, such as a certification or a common labelling system for SFSCs, to strengthen transparency and avoid fraud, will not be enough to address different needs and challenges faced by different SFSCs. Measures have to be developed in accordance with the local context.

Assessing the sustainability and impact of short food supply chains

The second report looked at the economic, social and environmental impacts of SFSCs and their sustainability.³ This research was based on observations from 208 food businesses, involved in 496 supply chains, from the above mentioned 6 European countries as well as Vietnam.

The study suggests that SFSCs allow producers to benefit financially by capturing a large proportion of margin otherwise absorbed by different intermediaries in longer chains (e.g. wholesalers, distributors or retailers). Producers also perceive greater bargaining power when selling via SFSCs. Important associated benefits include job creation and promotion of gender balance, due to greater employment opportunities
for women in logistics and trading activities compared to longer chains. Although the labour resources needed for sales processes differ across chains, overall, SFSCs appear more labour intensive when compared to longer chains for a variety of reasons. For instance, in addition to the time spent by the producer on transportation and selling via farmers’ markets or similar activities, packaging may be at the expense of the producer rather than the retailer, requiring considerably more time for preparation for bulk delivery. Interestingly, the study also found that actors involved in SFSCs are also typically simultaneously involved in conventional supply chains. This helps them offset the risks and shortcomings of the short-chains (such as limited demand) while continuing to enjoy the benefits associated with direct sales.

Regarding the environmental impacts of SFSCs, the evidence appears less clear cut. In fact, SFSCs can be associated with higher food miles and larger carbon footprints. This is because participants of these chains, especially consumers, can accumulate a large number of journeys transporting relatively small quantities of food at a time. However, the carbon footprints of different types of SFSCs are not uniform and can differ largely across regions and market scales.

The SMARTCHAIN Project

To accelerate the shift towards collaborative SFSCs, the EU-funded project SMARTCHAIN was launched in September 2018. 43 project partners from 11 European countries are expected to introduce new business models and practical solutions that improve the competitiveness and sustainability of the European agri-food system.

SMARTCHAIN is based on demand-driven research and involves key stakeholders from the domain of SFSCs. Researchers are working on 18 case studies to understand the different technological, regulatory, social, economic, and environmental factors that play a role in the success of SFSCs. The project has established 9 national communities in Europe that will act as hubs for collaboration and innovation on the topic of SFSCs. They organised a first round of multi-actor workshops in 2020. The corresponding presentations are already available in 9 different languages. A second round of workshops will take place between April and June 2021 to present the results and findings of the project to farmers, short food supply chain entrepreneurs and other relevant stakeholders. The project has also established a virtual platform supported by novel interactive tools sharing knowledge and supported by novel interactive tools that will share knowledge and innovative practical solutions relevant to SFSCs. The platform strives to bring together an international community of SFSCs through a gamified approach. More information about the project can be found on the projects’ website.

Way forward

While previous studies indicate that conditions in the EU are currently favourable for the development of SFSCs, some important barriers persist. One of the main concerns is that production volumes within these chains can be limited and that they cannot always meet the demand for larger purchasers such as hospitals, universities, schools. SFSCs may also struggle to up-scale due to capacity constraints and higher costs of production, processing and transport. In addition, they often have limited resources for communication and marketing, even if they benefit from institutional support.
A further obstacle is the limited range and volume of produce, given that many SFSCs are seasonal and highly localised. This can restrict individual farmers’ competitiveness compared to other conventional actors in the food chain and limit their ability to take part in public procurement. Consumers, in general, also feel that local and organic food products, are not always easy to recognise and access. This may be due to insufficient information on their benefits, and increased price, compared to more conventional products. Research addressing these issues will help further strengthen the efficiency, effectiveness and sustainability of SFSCs and overcome these barriers.