

Sustainable food supply chains in Europe

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Results from the SUSCHAIN project



www.sus-chain.org

Contents:

1. Introduction to the SUS-CHAIN project
2. Actual challenges for the agro-food business
3. Starting points for more sustainability
4. Factors of success versus risks of failure
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Project mission and structure:

- Identify bottlenecks to enhanced sustainability in agro-food chains
- recommend actions for actors and policy - especially with regard to rural development

7 countries: NL, I, CH, LV, UK, B, D

14 partners: 1 scientific partner + 1 NGO per country

Research steps:

1. The situation of the agro-food business in Europe (literature review and expert interviews)
2. Sustainable food supply chains (case study work, 2 cases per country)
3. Cross-country comparison of case study analysis

Farmers / Agriculture

- environmental problems in rural areas
- structural problems (abandon, loss of income, poverty)

Food industry

- stress of competition in small & medium sized companies
- loss of producing / processing structures in rural areas

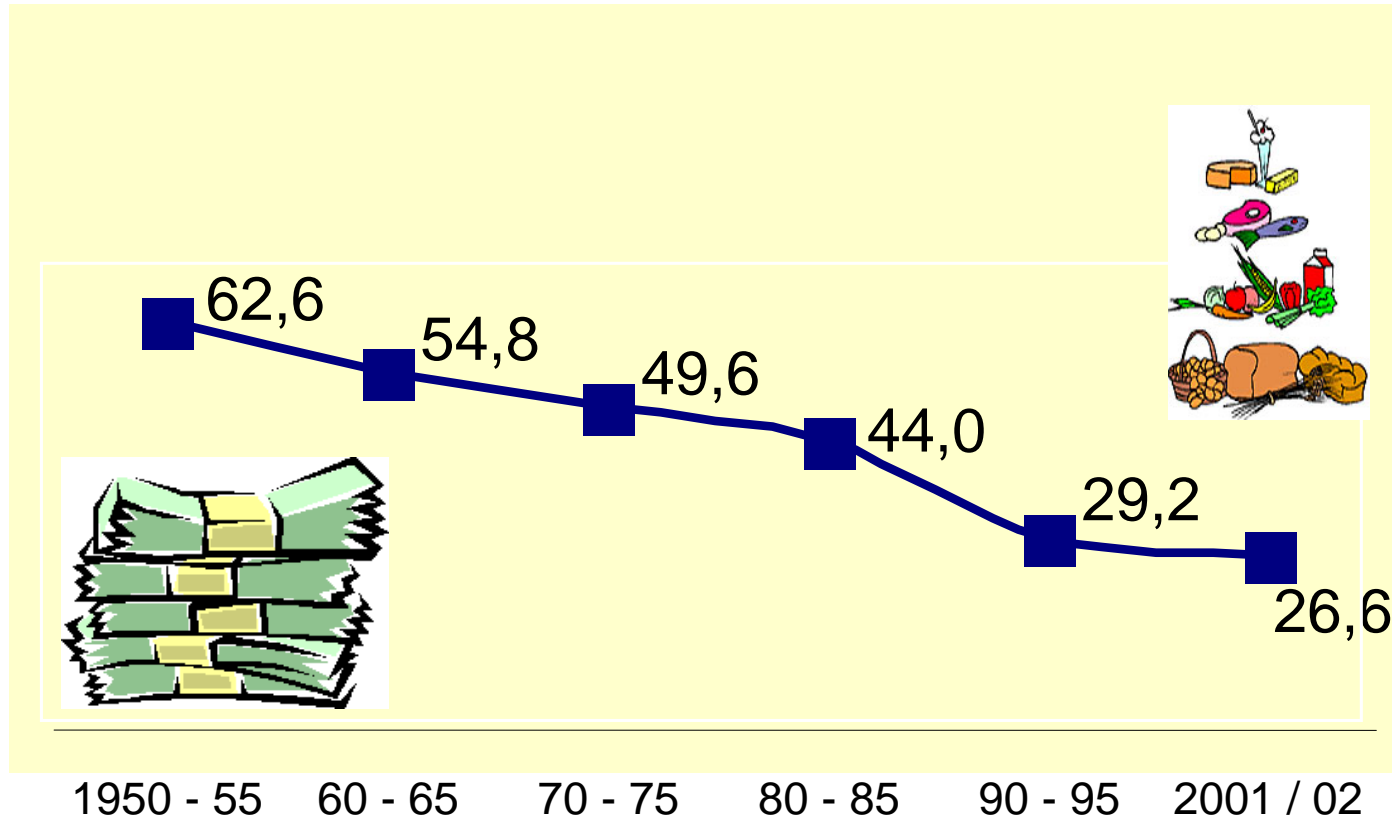
Retail & trade

- tendencies towards concentration and internationalisation
- price-centred competition, sinking benefits: “race to the bottom”

Consumer

- low involvement ↔ rising food worries
- price-oriented, spontaneous buying decisions

Income losses on farm level:



What farmers get out of consumers' expenses for food (in %)

Source: FAL / BMVEL, 2003

Consumer-driven:

- Food crises and scandals
- Changes in consumption patterns, growing awareness
- Globalisation leads to a re-orientation towards the own region and regional products
- Growing demand for healthy, high quality, ethically correct and secure food products

Supply chain actor-driven

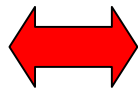
- Farmers seeking new income forms
- Food chain actors seeking new strategic cues

Results of case-study analysis with regard to the following core themes:

- Marketing
- Communication
- Organisation and structures
- Networks
- Public support

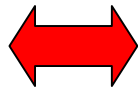
Marketing

Comprehension of marketing as “market oriented management”



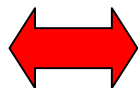
Refusal of “marketing” as a management tool

Knowledge about the strategic and operational tools of marketing conception



Lack of this knowledge

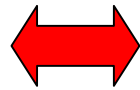
Ability to formulate a clear profile (“Unique selling proposition” - USP)



Strong tendency to combine different cues,
resulting in an unclear profile

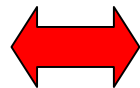
Communication

Ability to communicate vertically (direct / indirect) with the consumer



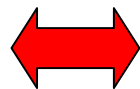
Vertical links obscured by retailers

Co-operation within the food supply chain



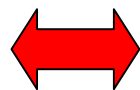
Often hypertrophic at one end of the chain

Coherence of statements / credibility



Well-intentioned but unprofessional

Simple and positive communication



Complicated and problem-centred communication

Organisation and structures

Transparent structure and clear distribution of tasks

 Poorly developed structures

Coordination of diverging intentions

 Lacking (technical ...) moderation knowledge

Structure adapted to growth and upgrading

 Early fixation on small volumes / markets

Key personality / charismatic 'leadership':

 chance: access to networks
risk: concentration of power, dependencies, reduction of other actors' motivation

Networks

Social networks provide stability

↔ Can render decisions difficult

Partner institutions can contribute financial help

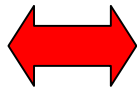
↔ Can increase transaction costs

Partners path the way to consumers and markets

↔ Can limit target groups and market channels

Public support

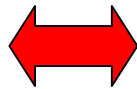
Provides necessary financial help



Can be short-sighted when granted without structural support

Can be too complicated and lengthy to get

Provides important structural support



Can be too normative

Can be too less market-orientated

Gives a framework by regulations on quality and branding



Can be useful guidelines

Can be too restrictive

Effects on sustainability with regard to:

Economic indicators:

- additional added value in the region
- additional direct, indirect and induced employment
- (cost-reduction through higher effectiveness)

Social indicators:

- better conditions of employment
- better ability for self-organisation (“social capital”)
- enhanced consumers’ confidence in food chains
- higher social integration

Effects on sustainability with regard to:

Ecological indicators:

- enhanced biodiversity
- reduced energy consumption and emissions
- reduced food miles

- **Sustainability** is becoming a common requirement from an ecological, economic and social perspective
- current production structures as well as alternative initiatives contain a high potential for **sustainability** - options for action are exemplary demonstrated by the successful case studies
- **Sustainability** is a consistent concept that includes co-operation within all actors along the food supply chain (integrative communication from farm to fork)
- The unused **potential of sustainable action** is high, its non-exploitation is partly due to lacking information

1. What are the expectations to sustainable food supply chains?

That they are sustainable with special regard to rural areas (?)

2. What do we mean by the term ‘sustainable’ food supply chains?

That they provide social integration and consider cultural and know-how dimensions (?) Preserve domestic agriculture?

3. What are the implications of organic food supply chains becoming more like the conventional supply chains of non-organic foods?

The risks of losing special qualities and of disconnecting (domestic) farmers from the organic market can be attenuated by vertical integration (“fair trade north-north”)?

THANK YOU!

For more information:

www.ifls.de

www.ecozept.com