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Rethinking Food Supply Chains:
Examining the case for Alternative
Food Networks

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Contribution of the Study

- Provides a preliminary investigation of Alternative Food Networks – primarily farmers' markets
- Develops 4 propositions (based on the RBV) for further research in this topical area

Background: An Increasing Demand for Local Food

- Consumers want to make informed choices about where their food comes from
- Concerns over traceability and safety of food in international supply chains e.g. European horsemeat scandal this year, E.coli in salad vegetables in 2011
- Negative perception of GM foods = higher demand for organic
- Consumers demanding country of origin and certification markings
- Food miles – robust environmental impact indicator?
- Alternative supply channels....known as Alternative Food Networks

Alternative Food Networks



Box Scheme



Speciality Shop



Farm Shop



Farmers' Market

Farmers' Market



Farmers' Market



Farmers' Markets

Customer

- ✓ In US – increased from 1700 in 1994 to over 8000 in 2013
- ✓ High quality goods, reconnecting consumer with foods
- ✓ Higher price than more conventional outlets – consumers willing to pay

Farmer

- × Sales – time away from farm
- × Can only attend limited number of markets
- × Fuel, transport, display equipment, packaging
- × Quantity required?

Attributes of Farmers' Markets

- Valuable – permit short supply chains
 - Enjoyed selling and 'market place ambience'
 - *Proposition 1: Farmers' markets shorten the food supply chain thus permitting customers to exploit valuable superior product information*
- Rare – provide a single outlet for high quality produce
 - Reliant on cluster of primary producers
 - Committed to maintaining product quality
 - Authenticity? Craft goods, products not local
 - Degradation of concept of local farmers' selling local produce – a market?
 - *Proposition 2: Leveraging the scarce and distinctive characteristics of farmers' markets to achieve abnormal rents can only be achieved through a commitment to quality and authenticity from all primary producers and market organisers*

Attributes of Farmers' Markets

- Imperfectly inimitable – synonymous with sustainability
 - High quality produce, low food miles, healthier lifestyles, community
 - Customer profile attractive to farmers – “customers come to spend money”
 - *Proposition 3: Farmers' markets possess socially complex phenomena that are synonymous with sustainability and impose constraints on imitation by competitors*
- Non-substitutable – primary producers selling local produce
 - Farmers satisfied by service provided by farmers' markets
 - Difficult for supermarkets emphasise 'locality' (maximum distance)
 - Difficult for supermarkets to impart knowledge held by primary producers
 - *Proposition 4: The presence of primary producers at farmers' markets yields additional value to customers that cannot be substituted by conventional product labelling*

Further Work

- Farmers in this study appeared satisfied with farmers' markets as a viable supply outlet due to:
 - Customer base
 - Ambience
 - Connection with customers
- Findings suggest farmers' markets are a viable distribution channel for small scale, local producers
- Comparison of AFN characteristics with concept of global value chains (Gereffi et al, 2005) – AFNs a new type of producer driven supply chain offering different competitive advantages?