

# **Localized organic agri-food supply chains in Rhône-Alpes (France): form of resistance or vehicle for conventionalisation of organic agriculture?**

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## **Introduction**

This communication analyses the organization and the sustainability of innovative ways of marketing organic food products that we call "localized agri-food supply chains". Short supply chains are characterized by a face to face relationship between producers and consumers with 0 to 1 intermediaries (Ministère de l'agriculture et de la pêche, 2009). In a more and more competitive market, short supply chains based on direct selling are not able to satisfy the increasing demand of consumers in terms of: 1- Quantity and regularity of delivery; 2- Quality (i.e. for public and private catering); 3 - Diversity of products; 4- Urban markets and remoteness of the countryside; 5- Prices. Localized supply chains differ from short supply chains by their greater complexity, their geographical scale which can be regional and the larger number of intermediaries. To improve their efficiency and to reach new markets, they become multi-stakeholders, with the presence of processors, transporters and distributors.

The communication is structured as follows: after the presentation of the methods we study the mechanisms implemented in localized supply chains in Rhône-Alpes (France) to address the limits of short supply chains. Then we assess their performances with regard to the advantages commonly lent to short supply chains: close links between producers and consumers, fair remuneration for the producers, contribution to local and sustainable development (Marechal, 2008). Finally we discuss the current development of localized supply chains in the frame of the conventionalisation thesis (Buck and al., 1997): are they a form of resistance or a vehicle for conventionalisation of organic agriculture?

## **Materials and methods**

This research is based on a survey of 18 localized agri-food supply chains across Rhône-Alpes (France). The sample takes into account the regional diversity of localized supply chains in terms of: geographic scale from the very local level to the regional level, numbers and diversity of intermediaries, stakeholders involved (farmers, consumers, hypermarkets and supermarkets, cooperatives, private enterprises, ...). We carried out semi-directive interviews of stakeholders involved in the governance of these supply chains: 80 organic farmers, 140 intermediaries, 22 consumers, 21 representatives of agricultural organisations, 17 representatives of state, regional or local authorities. We documented: objectives and strategic orientation, key moments in the dynamic, organisation of the supply chain, roles of the different members, rules and agreements between them, self-assessment of the advantages and limits of the current organisation. In addition we studied the communication tools designed by each supply chain: leaflets, packaging, web site, etc.

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The analysis crosses sociological and geographical concepts: 1- sociology of organised action (Musselin, 2005) to analyse the relationships and rules between stakeholders; 2- concept of proximity (Rallet and Torre, 2004) distinguishing geographical and organisational proximities. With this theory we highlight the organisational and communication devices used to maintain exchanges between producers and consumers despite an increasing geographical distance and an increasing number of intermediaries.

## **Results**

### A large diversity of localized supply chains

We identified four types of localized organic supply chains:

- Those organized by hypermarkets and supermarkets to develop regional supply. Supermarkets buy products mainly at European level with group purchasing organizations, but some supermarket chains offer the opportunity to their stores to buy from one or more regional suppliers. This option is mainly used for fresh or minimally processed products. The pressure on the purchase price is variable: some brands are very hard in the negotiations, while others are more flexible vis-à-vis regional products.
- Those involving the regional agro-food industries (cooperatives and private food-processing industries). For some of them to relocate their activities is a way to follow principles of solidarity and equity. Other industries envisage their supply according to prices, practicality or quality criteria. Their objective is frequently to buy at the lower price and they get supplies both from regional, national and international levels. They explain their interest for regional supply for marketing or networking reasons: to use local products is a mean to differentiate their products and to develop relationships with regional stakeholders. Consequently they are often more flexible to discuss the prices with regional producers than with national or international suppliers.
- Those initiated or supported by local communities for public catering. They are based on physical or virtual platforms to group organic products before delivering them to school restaurants. Some platforms are dedicated to organic products whereas others propose local products organic or not.
- Those initiated by farmers or consumers and which are often the result of the extension of short supply chains. To reach new markets the innovations are mainly organisational, as employees' hiring, implementation of distribution points for consumers, recourse to manufacturers.

### Devices to maintain the proximity between producers and consumers

To maintain the proximity between producers and consumers when the geographical distance lengthens, the actors are confronted with the need to set up organisational devices. Several devices are implemented to mitigate the increasing distance between producers and consumers. Firstly it refers to logistic tools to process and to deliver the products according to the needs of consumers: i.e. washed and peeled vegetables for canteens or delivery. The constraints to take into account differ from those observed in long supply chains. The devices have to be adapted to small distances and volumes: i.e. smaller vehicles or exemptions of some sanitary rules. The role of the intermediaries, processors, transporters, distributors is central in the organization of localized supply

chains. They ensure the different logistic functions: handling, transport, processing, conditioning, delivery. The good articulation of these functions is all the more determining that when the distances increase the number of intermediaries increases too.

Secondly, to inform the consumers about the products, their place and mode of production communication activities are implemented: posters, identification of the farmer with a photo, visits of farms, websites, leaflets for consumers or intermediaries, territorial brands, packaging, etc. These tools compensate, at least partially, the absence of a face to face relationship between producers and ultimate consumers. The interviewed consumers and intermediaries mentioned very often the importance of this information.

### Performances of localized supply chains

To sum up these results Table 1 presents a comparative analysis of the performances of short and localized supply chains.

**Table 1: Comparative performances of short and localized supply chains**

	Short supply chains	Localized supply chains
Links producers / consumers:	Face to face relationships	Direct relations are reduced in favor of indirect relationships: packaging, visits, website, leaflets, ...
Price control and management by the producers:	Direct agreement between farmer and consumers	Variable: agreements, reference prices and pure market relations
Contribution to local development	employment and added value in the region but limited market	employment and added value in the region with an extended market
Contribution to environment preservation	Environmental impacts are now well documented but remain controverted (Coley and al., 2009; Mundler and Rumpus, 2012).	The environment is often called as an asset but is rarely evaluated

### **Discussion**

Localized supply chains are indeed a solution to remove some of the limitations of short supply chains in particular in terms of access to new and distant markets for producers. For this reason they are a new and essential factor in the development of AB. Localized supply chains are referring to the notion of proximity, which is finally a vague and not clearly defined notion. For all that our analysis shows that the reference to the notion of proximity contributes the boundaries short and long supply chains, between alternative food systems and agro-industrial model, between organic and conventional products

and finally between local and nonlocal products. The notion of proximity creates an intermediate zone, rather vague for the consumer because it includes in the same category:

- food networks initiated by consumers or farmers and supply chains managed by standard stakeholders of the mainstream agrifood system (i.e. supermarkets and hypermarkets);
- fair trade and pure market objectives;
- supply chains delivering exclusively organic products and others distributing local products without any commitment on the mode of production.

The current development of localized supply chains raises the question of the distribution of added value along the supply chain. There is a strong market-based regulation. In some supply chains, distributors and retailers have the capacity, as in long and standard supply chains, to impose their requirements in terms of quantity, quality, standards and prices. Therefore, localized supply chains are a vehicle of conventionalisation of OF (Buck and al., 1997) with the introduction of standards and practices from the conventional agribusiness model. However, the smaller geographical scale of localized supply chains fosters to build trust in relationships. In several cases this proximity tempers pure market-based exchanges and encourages to soften price negotiations or to sign agreements specifying the distribution of added value. Therefore localized supply chains are also a mean, indeed partially, to mitigate the agribusiness model.

### **Acknowledgements**

The authors gratefully acknowledge financial support from the regional council of the “Rhône-Alpes” region.

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