

Profitability of local food in different distribution channels in Finland

Väre Minna, Rikkonen Pasi and Helander Anni-Sofia

Research Objectives

The aim of the study was to find out:

- which **distribution channels** the local food producers **use** at this moment,
- which distribution channels they consider as **most profitable** ones and
- what distribution channels **they'd like to use?**

Data

The **survey** sample was picked up from two sources:

- 1) the e-mail addresses of the farms producing or selling local food products were picked up from the **Farm Survey 2013** data.
- 2) the e-mail addresses of the local food producers and distributors were picked up from the joint **internet pages** of the local food producers.

The sample size was 2221 out of which 334 filled in the questionnaire in the internet.

Results

Direct selling either from the farm or from the own store was considered both as most **profitable** and most **tempting** distribution channel of local food products. Direct selling is also the most **common** delivery channel at the moment.

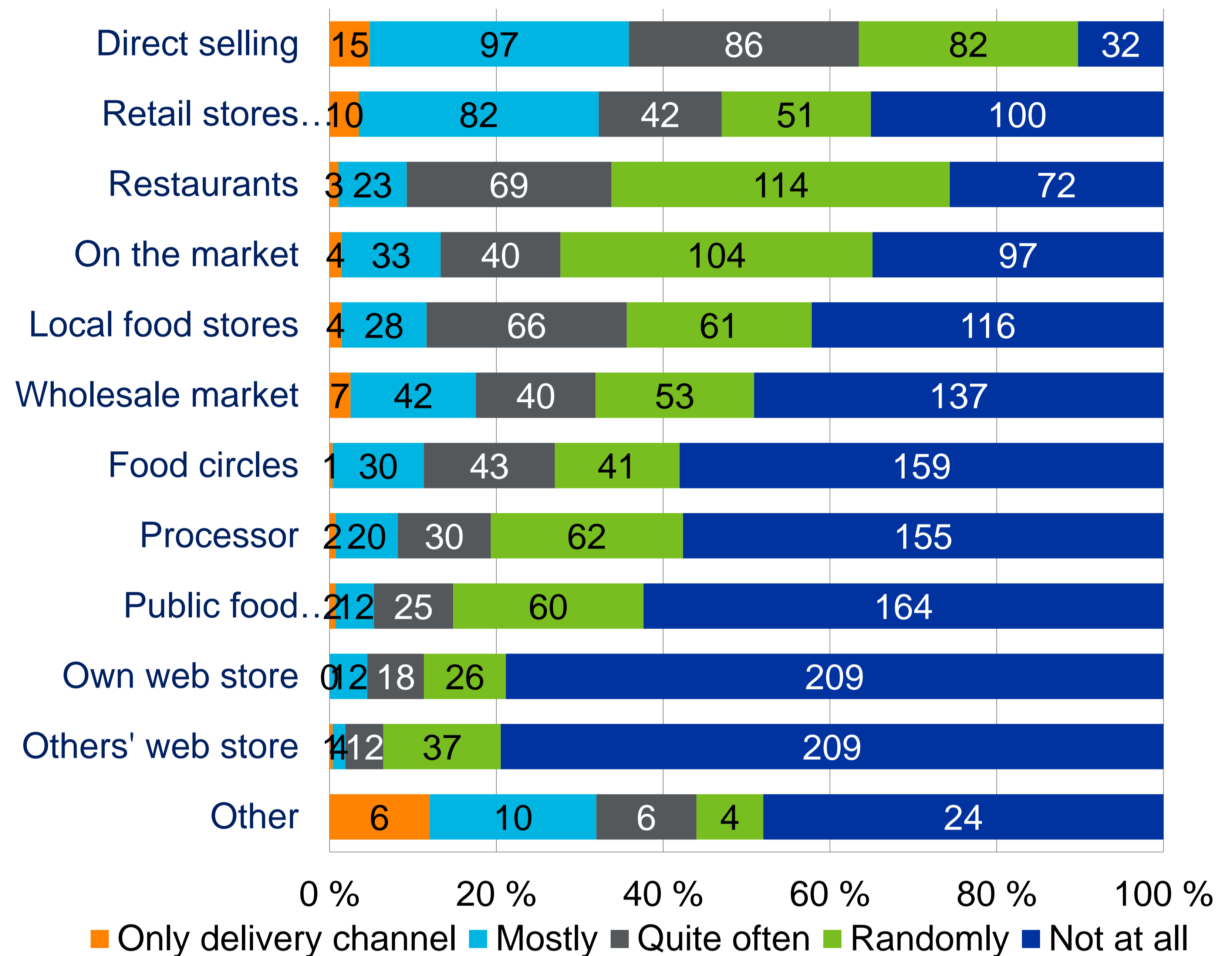
Retail stores and store chains were the second most common distribution channel. They were also considered almost as profitable as direct selling and local food producers would like to use these distribution channels in the future.

Similarly, **local food stores, restaurants** and **tourist companies** were considered as profitable distribution channels and were quite widely used among answerers. However, it was found challenging to sell products to these distribution channels.

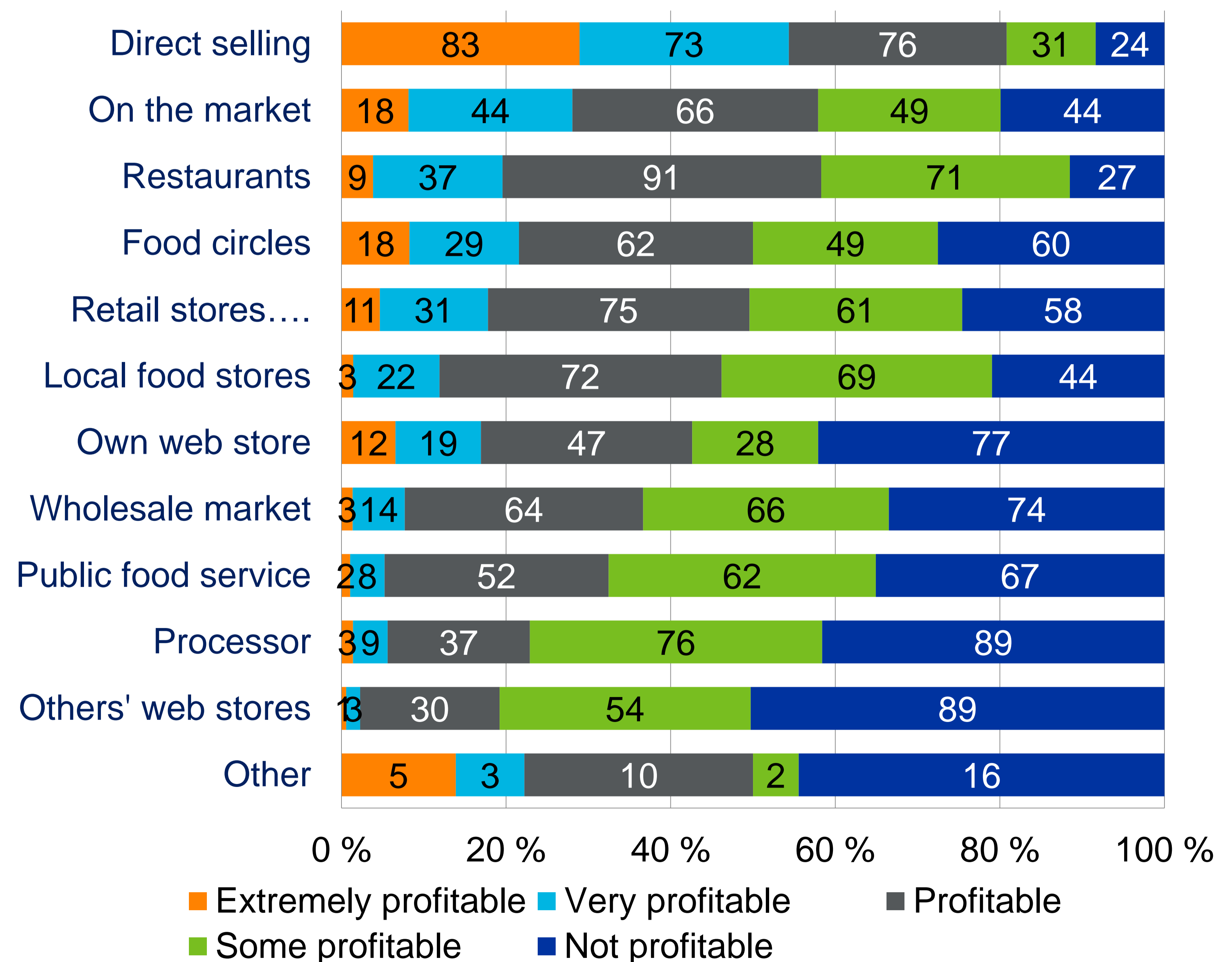
Surprisingly, different kinds of **food circles** were seen only as relatively profitable and tempting delivery channels. These new forms of direct selling were used by less than 30% of answerers but were seen as possible distribution channels in the future.

Less than 20% of local food producers sold their products to the **processors** or **public food service**. Selling products to them was considered as rather unprofitable.

How do you distribute your products? (n=334)



Which distribution channel do you consider as most profitable? (n=329)



The least interesting, least used and least profitable delivery channel was **web store** run by others. **Own web store** was considered slightly more profitable though less than 10% of answerers sold their products through their own online shop. However, own web store was considered as a possible delivery channel in the future.