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# Short Food Supply Chains and Local Food Systems in the EU. A State of Play of their Socio-Economic Characteristics.

Authors: Moya Kneafsey, Laura Venn, Ulrich Schmutz, Bálint Balázs, Liz Trenchard, Trish Eyden-Wood, Elizabeth Bos, Gemma Sutton, Matthew Blackett

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# **Short Food Supply Chains and Local Food Systems in the EU. A State of Play of their Socio-Economic Characteristics.**

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## List of Abbreviations

- AAFN: Alternative Agri-Food Network
- AB: Agriculture Biologique
- AFN: Alternative Food Networks
- AMA: Agrarmarkt Austria
- AMAP: Association pour le Maintien d'une Agriculture Paysanne
- APCA: Assemblée Permanente des Chambres d'Agriculture
- B&B : Bed and Breakfast
- BF: Bienvenue à la Ferme
- CAFS: Centre for Agroecology and Food Security at Coventry University
- CAHM: Communauté d'Agglomération Hérault Méditerranée
- CAP: Common Agricultural Policy
- CIVAM: Centres d'Initiatives pour Valoriser l'Agriculture et le Milieu rural
- COFAMI: encouraging COLlective FARmers Marketing Initiatives
- CPRE: Campaign to Protect Rural England
- CRALIM: Comité Régional de l'Alimentation
- CSA: Community Supported Agriculture
- EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
- ENRD: European Network for Rural Development
- EP: European Parliament
- EU: European Union
- FAAN: Facilitating Alternative Agro-food Networks
- FARMA: Farmers Retail and Markets Association
- FEADER: Fonds européen agricole pour le développement rural
- FLAIR: Food and Local Agriculture Information Resources
- FOODMETRES: Food Planning and Innovation for Sustainable Metropolitan Regions

- GAS: Gruppo di Acquisto Solidale
- GDP: Gross Domestic Product
- GHG: Greenhouse Gas
- GVB: Gutes Vom Bauernhof
- HNRN: Hungarian Rural Development Network
- HUF: Hungarian Forint
- IAASTD: International Assessment of Agricultural Knowledge, Science and Technology for Development
- IFOAM: International Federation of Organic Agriculture Movements
- IFR: Innovative Futures Research
- INRA: Institut National de la Recherche Agronomique
- IPTS: Institute for Prospective Technological Studies
- LCA: Life Cycle Analysis
- LEADER: Liaison Entre Actions de Développement de l'Economie Rurale
- LFS: Local Food System
- MPP: Marchés des Producteurs de Pays
- MS: Member States
- NGO: Non-Governmental Organisations
- NMS: New Member States
- PDO: Protection of Designated Origin
- PGI: Protected Geographical Indications
- PGS: Participatory Guaranteed Scheme
- SALT: Systèmes Alimentaires Territorialisés
- SFSC: Short Food Supply Chain
- SROI: Social Return on Investment
- TD: Terroir Direct
- UK: United Kingdom
- USA: United States of America

# 1 Executive summary

## *Background and methodology*

In recent years, as global food chains have expanded, a large array of terms has been used in academic, policy, technical or civic debates to illustrate innovative re-organisations of food supply chains aiming at re-connecting producers and consumers and re-localising agricultural and food production. These include short supply chains, alternative food networks, local farming systems and direct sales.

On the policy side, several EU Member States have developed legal frameworks and incentives to support such types of food chains. France, for example, defined precisely the notion of a short chain (*'circuit court'*) in the framework of the 2009 Action Plan to develop them and Italy has also established legislative decrees for the regulation of Farmers Markets. At EU level, this kind of initiative benefits from Rural Development funding, and the European Commission proposed, within the 'CAP towards 2020' proposals<sup>1</sup>, that short supply chains may be subject to thematic sub-programmes within Rural Development programmes. The recent 'Agricultural Product Quality Schemes Regulation' (Regulation (EU) No 1151/12) adopted by the European Parliament and the Council includes a request to the European Commission to elaborate a report on a possible new 'local farming and direct sales labelling scheme to assist producers in marketing their produce locally' (Article 55), focusing on the 'ability of the farmer to add value to his produce' and, among others 'the possibilities of reducing carbon emissions and waste through short production and distribution chains', and, if necessary, 'accompanied by appropriate legislative proposals'.

In this policy context, the present study aims at describing the state-of-play of short food supply chains and local food systems (throughout the report 'SFSC' and 'LFS' respectively) in the European Union and reflecting on the policy tools to address them, in particular on the introduction of a common EU labelling scheme for farm produce. The methodology taking into account the available means consisted of (i) a thorough review of recent academic literature in economics, sociology, geography and other relevant related disciplines as well as technical and grey literature; (ii) a compilation of available data on 84 illustrative cases of different types of SFSCs throughout Europe; (iii) a more in depth study of three case studies and their national / regional contexts in Austria, France and Hungary. Lessons learnt from these three exercises allow elaborating some concluding remarks on the state-of-play of SFSCs in the EU and on possible policy options to support their development.

## *Defining and categorising SFSCs*

Much recent research has attempted to define what type of supply chain should be at the heart of the reflection on re-localisation and re-connection of agriculture and food production. Both aspects (localisation of the production and length of the supply chain in terms of number of stakeholders involved) have been studied by several EU funded research programmes such as IMPACT, SUPPLIERS or FAAN. These, and other studies, have generally defined 'Local Food Systems' as those where the production, processing, trade and consumption of food occur in a defined reduced geographical area (depending on the sources and reflections, of about 20 to

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<sup>1</sup> See COM(2011) 627 final/2 (article 8, page 34)

100 km radius). 'Short Supply Chains' on the other hand are where the number of intermediaries is minimised, the ideal being a direct contact between the producer and the consumer. Building on seminal papers of Marsden *et al.* (2000) and Renting *et al.* (2003), as well as on definitions proposed by the French authorities or the European Commission, the following definition of SFSC has been adopted in the present report:

"The foods involved are identified by, and traceable to a farmer. The number of intermediaries between farmer and consumer should be 'minimal' or ideally nil."

The specific emphasis on the farmer is adopted because of the above-mentioned policy interest in a potential new labelling scheme. For the purpose of this study, a focus on SFSCs rather than LFS has been retained, although the two concepts obviously overlap, and research on the latter is clearly relevant and has been studied in the systematic literature review. The decision to concentrate primarily on SFSCs primarily reflects the difficulties of defining the concept of the 'local' (discussed fully in Section 2). Our definition encompasses different types of short supply chains in terms of number of intermediaries. Most of them, which can be grouped following Aubry and Chiffolleau (2009) under a single category of 'sales in proximity', are also local farming systems, in the sense that locally grown or produced foods are served to local consumers. Community-Supported Agriculture (CSA) and similar schemes known under other names in other Member States (AMAP, etc.) are based on long term partnership between one or several producers and their consumers where consumers are associated to a more or less large extent with the producers' decisions and labour. Other types of on-farm schemes are numerous, where consumers transport themselves to the place of production to purchase the products of a farmer (farm shops, farm-based hospitality, roadside sales, pick-your-own schemes, etc.). Farmers might also sell off-farm their products to consumers in the neighbouring places of consumption in farmers' markets, shops owned by farmers, food festivals and fairs, farm-based delivery schemes, or through one single trade intermediary (cooperative shops, specialist shops, supermarkets, etc.). Lastly, farmers might sell their products directly to public institutions' collective catering such as school or hospital canteens, etc. in the framework of public procurement. A few of these short chains can also correspond to non-local sales, in particular direct internet sales / long distance farm-based delivery schemes.

Further reflection on the basis of our study suggests that it is possible to differentiate between 'traditional' and 'neo-traditional' SFSCs. The former are farm-based, in rural locations, usually operated on-farm by family businesses and using traditional and artisan production methods. The latter consist of more complex collaborative networks, are often off-farm (delivery schemes in particular), located in urban or peri-urban areas and foreground strong social and ethical values (such as CSAs). They may be more subject to a non-profit approach. Both models can be equally innovative and dynamic chains and many individual cases combine characteristics of both of them in a 'hybrid' manner.

### ***SFSCs' impacts***

Research literature has extensively discussed the potential impacts of SFSCs, although there is a lack of baseline and longitudinal data. The research draws on a wealth of case studies, but there are not so many examples of comparative approaches across geographical context or between types of short chains, in particular because of the difficulties of collecting comparable data on micro enterprises and initiatives throughout Europe.

In terms of social impacts, there is evidence that SFSCs favour the interaction and connection between farmers and consumers, thus promoting the development of trust and social capital. This can lead to the development of a sense of community and of 'living-together' and may even result in behavioural changes (eating habits with public health effect e.g. on obesity, general shopping habits with more social and environmental awareness, etc.). Overall, when farm-based in rural areas, SFSCs might play an important role in the vitality and quality of life of rural areas concerned while in urban areas, SFSCs focus more on promoting inclusive social change through education on sustainability and ethical issues. There are however a few examples where SFSCs have been seen to be associated with social exclusion (excess of localism, focus on wealthy consumers).

Economically speaking, benefits can be found in rural development and economic regeneration. There is evidence that local farming systems and short chains do have a higher multiplier effect on local economies than long chains, with impacts also on maintaining local employment, particularly in rural areas. The synergies with the tourism sectors are also well acknowledged. At producer and farm level, they seem to allow a higher share of value added to be retained locally, although quantitative evidence of such impacts is poorly documented. In addition, the requirement for higher labour input with different skills (production, processing, marketing, promoting) is a difficulty at farm level, particularly for small scale producers. The small scale of the schemes at stake and possible higher costs of production as a consequence can also be a threat for their longevity, which may help to explain why many schemes turn themselves towards 'profit sufficers' or 'welfare/utility maximizers' models rather than towards 'profit maximisers' ones. Also, there are many examples of farmers using a mix of SFSCs, or combining them with longer chains in order to build resilient routes to market and reduce risks from market volatility.

There is a large and lively debate on the environmental effect of SFSCs, where intuitively re-localisation of production might be seen as a driver of drastic GHG emissions reduction. In fact, studies tend to demonstrate that 'local' is not a sufficient feature to ensure such benefits. Appropriate logistical arrangements are needed and there is important potential for improvement in SFSCs to this respect. More generally, the methods of production and of processing are important for ensuring less environmental impact; 'local' and/or 'short' is not necessarily better, although the importance of ethical values and the higher uptake of environmentally sound practices are *de facto* elements in favour of a positive impact of SFSCs in the EU.

These elements translate themselves into a clear interest of consumers, particularly higher income, urban and educated ones, for products arising from SFSCs. Reasons for this interest may vary from one place to another, but it is clear that ethical, social and environmental concerns, in addition to quality aspects are the key drivers of consumer interest in this sector. There is some evidence in literature that this interest gives birth to a certain extent to a willingness to pay higher prices, with significant price premium (20%) according certain studies (e.g. Carpio and Isengildina-Massa, 2007).

### ***Descriptive state of play of SFSCs in the EU***

From the 84 cases listed in the database compiled, some general elements can be noted. There is a large variety of types of SFSCs throughout the EU and nearly each type is present in every part of the EU. In general, the impression is that collective schemes supplying public



institutions seem less developed than other types of schemes and CSAs (as well as 'neo-traditional' schemes) are less present in New Member States and Mediterranean areas than in North West Europe (UK, France, Belgium in particular). The 'traditional' on-farm schemes are more represented in Mediterranean countries and in New Member States, where also off-farm 'traditional' types such as farmers' markets are dominant. Data on the longevity of the SFSC schemes tends to show that the number of urban-driven schemes seems to have developed rapidly in recent years, while more rural 'traditional' SFSCs tend to be longer established.

Products mainly traded are, first, fruit and vegetables (mainly fresh, particularly vegetables in the now well present 'veg boxes'), followed by animal products, principally meat, fresh and prepared, and dairy products as well as beverages. There is a tendency for schemes to complete the range of products offered by other producers' ones (in some instances non local but produced and traded according to values shared by the scheme, such as organic, artisan or fairly traded).

Some SFSCs, in particular in the case of off-farm sales, use private labels and logos to promote their schemes, on websites, promotional materials and the labelling packaging of their products. There are nationally-wide (or regional) labelling schemes in some Member States, concerning farmers' markets for example in the UK (FARMA) or France (MPP) or on-farm sales points ('Bienvenue à la Ferme' in France, or 'Gutes von Bauernhof' in Austria).

Information on the economics of the schemes is extremely scarce, particularly concerning turnover or overhead costs; however, many schemes operate with membership fees for producers and/or consumers together with public support from EU rural development policy and national or regional extra subsidies. There is more information on the number of producers involved or the number of employees, allowing an impression of the size structure of SFSCs: it seems that there are on one hand large numbers of small schemes (with less than 10 producers involved and less than 10 employees and /or volunteer workers), including micro enterprises (one small scale producer selling direct), and on the other hand a few large schemes involving many farmers (over 100) and employees are present particularly in the North West of Europe.

Most SFSCs sell primarily to local and /or regional markets. Less than a third of the examples in our study sell at national level and less than 15% export some products out of their MS. A majority of the schemes implement full or partial organic farming practices (although they are not always certified) and in some instances more stringent farming practices are employed (e.g. biodynamic practices). However, certified organic farming is less present in the examples we identified in the New Member States than in the rest of Europe.

The main objectives claimed by schemes relate to social values, principally ensuring quality products to consumers (fresh, tasty) and direct contact between the producer and the consumer (trust, social capital). Environmental values come second (sustainable development, environmentally sound practices, carbon footprint), and economic ones (value added to farmers, support to the local economy) third in the promotion messages of SFSC schemes. The arguments are more diversified in North West Europe than in New Member States and Mediterranean countries where the 'quality' argument seems more dominant.

### ***Three case studies in Austria, France and Hungary***

The case studies consisted of a family farm doing direct sales in Austria, a producer-consumer co-operative running an internet based local delivery scheme in France, and a local food shop in Hungary. Whilst there are no doubt differences between the three cases in terms of local context and circumstances, some clear lessons can be learned from this comparative case study approach. Firstly, all three examples demonstrate the importance of collective and collaborative action, whether this is amongst producers, or between producers and consumers, or between producers, consumers and local institutions. The French and Hungarian studies in particular reveal the importance of shared ethical and moral frameworks oriented towards principles of fairness, environmental sustainability and care for local cultural resources (as encapsulated in heritage farming practices and typical products). Secondly, traditional and artisan skills which have never ‘died out’ form a vital bedrock in all three cases; without these skills the quality products which the SFSCs are built around would not exist. The new local food enterprises are performing a balancing act: they celebrate and attempt to diffuse this artisan heritage (food democratization) but they also necessarily commodify the local tradition to satisfy renewed consumers’ demand. In terms of the challenges for SFSCs, a problem identified in France and Hungary is the existence of ‘false’ producers who take advantage of consumer interest in buying local produce and sell goods which are not genuinely local. This issue of fraud is one of the main reasons for respondents to consider that a European wide labelling scheme would be useful. However, on the other hand, respondents also emphasized the importance of trust-based, localised relationship and these circumvent the need for a labelling scheme which is really only useful for (distant) consumers who do not know the producers. In all 3 cases, respondents identified a need for training for producers in communication and marketing skills. Producers engaged in SFSCs require multiple skills, not only in production but also in processing and marketing and some respondents (in the French and Austrian cases) sounded a warning note that for the very small family farms, attempting to combine all the different activities and skills could result in a heavy workload and potential burnout of farmers. In all 3 cases, individuals who could be described as ‘social innovators’ have played a key role. In Hungary and France, these are individuals educated to higher levels with professional experience beyond their current places of work. In the Austrian case the individuals draw on their long family history of farming.

### ***Concluding remarks on policy tools***

The report draws conclusions on whether a labelling scheme can help promote European SFSCs. Synthesising from the literature review, database and case studies, it is possible to draw up a number of pros and cons with regard to a possible labelling scheme.

#### ***Pros***

Labels and /or logos can be used to communicate important information to consumers. They are of most importance when consumers are not buying directly and face-to-face from producers. When consumers buy direct from producers, a label is less important because the consumer can make a judgement about the quality of the product on the basis of their interaction with the producer. A label and/or logo can also be used to signal that a product has been certified in some way and this is important to protect products from cheap imitations. A label and/or a logo at EU level could be useful to provide a framework and/or a benchmark to stakeholders in Member States where SFSC are less numerous and/or less codified than in others. It is useful to compare the features of well-established labelling schemes such as Bienvenue a la Ferme (BF) and Gutes Vom Bauernhof (GvB) which share common features including high consumer recognition; wide geographical coverage; traceability and external verification; strict entry criteria.

Whether a European wide labelling scheme for farm products and direct sales would be effective depends largely on what is to be covered (and possibly certified). Bearing in mind what we know about the motives and values of the producers and consumers involved in constructing SFSCs, it seems that 2 elements are vitally important: 1) The origin and quality of the product – does the consumer know exactly where it came from, how it was made and who made it? 2) The nature of the supply chain – was the product sold at a fair price, e.g., for producers, ensuring the highest share of value added possible is retained at producer level, and for consumer, guaranteeing affordable price for quality food?

### *Cons*

In a context of proliferation of labelling schemes, consumers might feel even more confusion with an extra layer of labelling schemes and stop taking notice of them. On the other hand, four case studies suggest that SFSC oriented consumers read labels and are interested in having them as clear as possible. It has to be noted there are already several national and/or regional labels and logos referring to SFSCs (BF, GvB, etc.) and a correct articulation between an EU scale approach and the existing examples might not result in more labels and/or logos for consumers but on the contrary would deliver some global clarification on what can be considered as SFSCs, local sales and farm products in the EU.

Many respondents in our case studies pointed out that labelling schemes inevitably impose costs on producers and make their products more expensive. Although there is some research evidence of consumer ‘willingness to pay’ for local foods, increasing costs of their produce would not be a helpful strategy given the existence of cheaper imitations, so consideration needs to be given to ways of reducing and/or subsidising the cost, while not impairing the needs for reliability of the system against fraud and therefore the trust by consumers and citizens.

While labelling might help consumers to reduce their difficulties in finding / spotting SFSCs products available on markets, on its own it would not address the problem of lack of availability and access to produce from named farms or the barriers to small-scale producers seeking to develop SFSCs, especially in business start-up phase. This instead requires solutions around logistics, marketing, and public procurement, and therefore suggests that the regulating activity should not be restricted to labelling but should include other policy tools such as financial incentives, training and exchange of knowledge and skills, the development of regulatory and administrative frameworks.

Globally, arguments in favour of a label are that it may potentially bring more recognition, clarity, protection and value added to SFSCs. Arguments against are more centred on the possible absence of benefits, and the potential costs which might be incurred.

Different countries in the EU are at different stages in terms of developing labelling for SFSCs. Labelling schemes therefore have to be tailored to fit the conditions in each country, including the maturity of SFSC development and consumer behaviour and the existing schemes in place. Therefore, a definitional framework and guidance within which member states have flexibility to develop / create their own labelling schemes could be helpful. Part of the framework could determine some common requirements for a label and/or logo, concerned with aspects of quality (production, processing and marketing stages), traceability and validation but there should be flexibility in terms of implementation of the SFSCs. In addition to key requirements defining the scope of application, it is important to ensure credibility of the labelling scheme, and so a number of operational questions would also need to be addressed which were beyond the scope of this study. For example, which institution(s) would be charged with managing the

labelling scheme, e.g. self-declaration or certification, controls? Would participation in the labelling scheme be subsidized through existing EU CAP policy mechanisms (Rural Development) or others (EU cohesion or social policy, national and regional funds).

The report also considers other policy tools, because labels are just one possible way of supporting SFSCs but they are not the single solution to the problems facing small scale producers. Therefore, the European Commission could also consider pursuing other strategies to support the sector, especially when businesses are in the start-up phase. For example, use could be made of existing facilities such as the LEADER programme and European Rural Development Network to promote greater training and knowledge exchange for the producers and consumers involved in SFSCs, especially in marketing, promotion and communication skills for farmers. Also, advice in logistics and use of smart media and contemporary communications technology is required. In addition, given that many SFSCs describe themselves as 'organic,' even if they are not certified as such, EU support for organic production has an important role to play and policy initiatives in the organic sector should dovetail with initiatives to support SFSCs. Finally, given the social benefits of SFSCs, the possibility of using EU funds beside the CAP could be explored. A case could be made to use public money to support SFSCs in order to generate positive social impacts, including health and well-being dividends which are generated through access to quality foods, green spaces, and better sense of community.

## **2 Introduction: background, aims, objectives and approach**

### **2.1 Background**

Recent years have seen a proliferation of initiatives to develop local food systems (LFS) and short food supply chains (SFSC) of many different types such as on-farm direct sales, farmers markets and shops, delivery schemes and more formal partnerships between producers and consumers, not only in the European Union, but throughout the world. Such initiatives have become of increasing interest to researchers and policymakers as the global food chain expands and extends across international boundaries, often distancing those for whom the food is destined from the stages of its creation, and in so doing ‘disconnecting’ producers from consumers. This disconnection has meant that consumers know less about where their food comes from, and that farmers, in particular small-scale ones, have seen the value added to food captured by large agri-businesses, processors, retailers and other intermediaries.

Marketing products through SFSC and LFS, combined with other diversification activities is often seen as a way to respond to the wish of farmers to retain a higher share of added value. And for consumers they can answer the demand for local products with assured provenance. SFSC and LFS afford researchers the opportunity to review efforts to ‘re-connect’ consumers and producers. Many other economic, social or environmental benefits are also commonly mentioned concerning SFSC and LFS, such as strengthening local economies, improving carbon footprint, contributing to food security at household level, giving access to healthy diet, sustaining small farms and business, etc. (ENRD, 2012).

Within the context of the Common Agricultural Policy (CAP), the European Union has already been supporting and will increasingly support such initiatives. For example, in the past, several instruments of the Rural Development policy could potentially be targeted on SFSC and LFS, such as restructuring and modernisation support, different measures supporting the development of local markets (measures on 'adding value', 'quality schemes', 'micro-enterprises' or 'off-farm diversification') and private-public partnerships in local development through the LEADER approach. The new proposals for CAP until 2020 place SFSC as a possible area for thematic sub-programmes within Rural Development policy. The general focus on innovation will also allow SFSC and LFS to get further support, as they represent an important source of innovation in food chains organisation. The objective is to help secure the livelihoods of the millions of small farmers in the European Union, whilst at the same time promoting a competitive, sustainable agricultural sector. In particular, there has been great interest in how small scale farmers can address the growing consumer demand for high quality, traceable foodstuffs which support local economies and communities. SFSC and LFS are therefore seen to be at the crossroads of several CAP objectives.

Surveys have shown that consumer interest in local foods is high (Eurobarometer, 2011), but that there are barriers to access in terms of availability. One idea evoked in parallel to classic CAP financial support tools is for the introduction of a new European labelling scheme on local farming and direct sales (see article 55 of the recent Regulation (EU) No 1151/2012 of the European Parliament (EP) and of the Council on quality schemes for agricultural products and foodstuffs); the aim of such a labelling scheme would be to assist producers in marketing their produce locally by helping them to add value to their product through a new labelling scheme (including or not a logo and/or terms) which would enable consumers to easily identify

products by their farm of origin. The European Commission will have to present a report on this matter to the EP and the Council in 2014, including on environmental aspects (carbon footprint and food waste).

Against this background, the Institute for Prospective Technological Studies, (IPTS) commissioned a research project entitled “Short Food Supply Chains and Local Food Systems – a state of play of their socio-economic characteristics” and appointed a consortium to carry out the research made up of researchers from the Centre for Agroecology and Food Security (CAFS) at Coventry University, Innovative Futures Research (IFR) and Garden Organic (previously the Henry Doubleday Research Association). The purpose of this report is to provide a full discussion of the aims, objectives, approach, results and conclusions of the study.

## **2.2 Research aims and objectives**

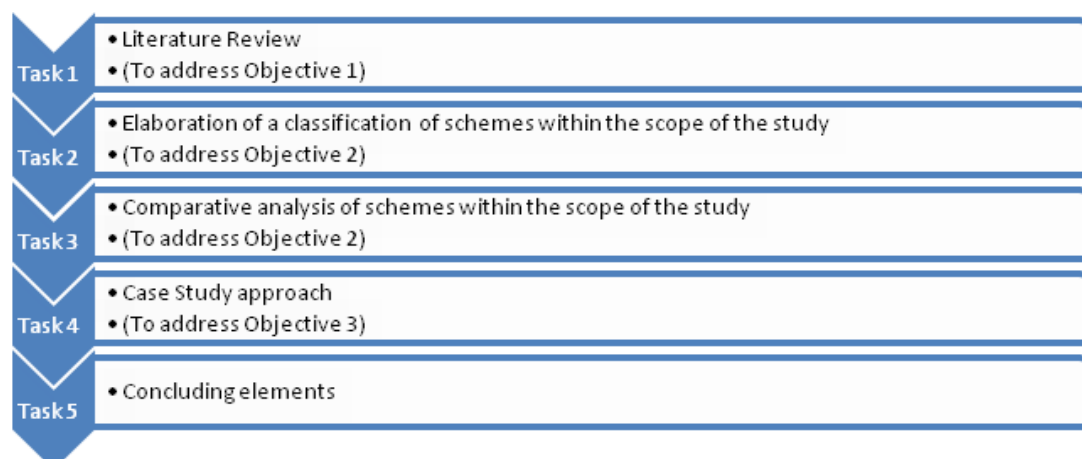
The project had the double aim of describing the different LFS and SFSC within the EU, as well as to gather evidence justifying (or not) an EU-level action, in particular concerning the introduction of an EU labelling scheme for local products and direct sales. The evidence would consist of qualitative and quantitative indicators of the socio-economic importance of the main types of LFS/SFSC within the EU, including evidence of their impact on the agricultural sector and rural economies.

In order to achieve this aim, the following objectives were devised:

- \* to construct a representative / illustrative database of existing local food schemes in the EU (and illustratively out of the EU) falling in different categories: e.g. Producer-consumer partnerships, Direct sales by individual producers to consumers, Collective sales by groups of producers;
- \* to conduct a comparative assessment of the schemes detailed in the database, in order to identify key characteristics and impacts on different stakeholders, with a particular focus on small-scale producers;
- \* to conduct detailed case studies to generate more precise, quantitative data regarding the impact of local food schemes for a determined area and/or products. Three detailed case studies were selected reflecting different categories of SFSC, as well as geographical diversity in the EU-27.

The objectives were achieved through completion of 5 tasks as shown in Figure 1.

Figure 1: Five work tasks derived to satisfy the three overarching objectives of the research



In each introductory chapter of sections 3, 4 and 5 of the present report, a concise overview of the methods used to complete each task or group of tasks is provided. Section 3 refers to the literature review, the main purpose of which is to review scientific literature and other sources of information with a particular focus on socio-economic characteristics and impacts. Section 4 covers tasks 2 and 3 in Figure 1: an illustrative / representative database of different SFSC / LFS identified is discussed. Identified schemes are classified according to different types and a comparative analysis is carried out as far as possible, concerning farm level and regional economic impact, consumer impact and other criteria such as social, ethical or environmental ones. Section 5 presents the three different case studies selected and studied more in-depth. Section 6 provides some concluding elements on the extent to which SFSC and LFS contribute effectively to CAP rural objectives, on possible EU policy tools and on further needs for research.

## 3 Literature and Evidence Review

### 3.1 Introduction

The literature review is a crucial stage within any research process and in this case, there is a sizeable corpus of relevant research. It was important to conduct a thorough review in order to ensure that the data collection and analysis which followed in later tasks were properly grounded in a full understanding of research knowledge to date. The review was also fundamental to the development of the methodology for the classification and the comparative analysis of SFSCs (Section 4) and for the development of the case study approach (Section 5).

A systematic review of existing literature has been conducted in relation to Local Food Systems and Short Food Supply Chains, attempting to identify and appraise information from existing research utilising a consistent and robust approach.

Studies were selected through an initial screening of titles, abstracts and executive summaries against the inclusion/exclusion criteria listed below. Documents that did not meet the inclusion criteria were discounted.

#### Inclusion criteria

- Peer reviewed research publications.
- Articles which are available electronically
- Non peer-reviewed publications i.e. consultancy reports, NGO reports.
- Studies which use qualitative and quantitative methods to evaluate the impacts of LFS/SFSCs.
- Studies which report from a range of geographical locations, including non-EU countries such as Norway / Switzerland, and developing countries which fit the inclusion criteria.
- Studies of LFS / SFSCs which directly involve farmers and growers (as opposed to 'grow your own' initiatives for which consumers are growing themselves)
- Primarily literature published in English, but including important papers in other languages if needed, only seminal papers from the American Literature
- Key papers from late 1990s onwards will be referenced (reflecting the beginning of the research body on this topic), but the focus will mainly be on papers published within the last five years in order to reflect current policy trends and consumer behaviour.



### Exclusion criteria

- Studies primarily focusing on schools.
- Studies that fall beyond the focus of this research, i.e. using LFS/SFSCs as a case study to review health, physical activity, mental health, individual wellbeing, stress related topics or similar.
- Examples that do not include a transaction i.e. money or time/ labour.
- Community and/ or local food initiatives which do not involve farmers / producers e.g. “Grow your own” projects.

Once all reviews and searches had been completed the bibliographic database was subjected to a process of de-duplication to remove any duplicate articles. The number of relevant articles per year reduced again as a result of review of the full paper. For instance, a number of grey literature resources which appeared to be initially relevant on the basis of summaries, were excluded once full copy was obtained and the information was seen to be of poor quality. Hence, the number of relevant articles, for example from 2011, fell from 190 (after the review of electronic databases and abstracts) to 76 papers (once full copies had been obtained). Having followed all of the above stages the systematic review had identified 380 papers of use to our research (see Table 1).

Table 1: Literature in the review organised by year

<b>Year</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>Pre 2007</b>
<b>Number of articles</b>	76	48	70	102	60	24

Of the 380 papers in our review, 356 have been published within the past 5 years and 131 feature empirical case studies; their geographical spread is shown in Table 2.

Table 2 Geographical spread of case studies within literature by year

				2011	2010	2009	2008	2007	Total
<b>Europe</b>				<b>17</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>43</b>
	UK			3	2	3	2	3	13
	Italy			3		1	1	1	6
	Greece			2	1	1			4
	France			2	1				3
	Norway			1			1	1	3
	Spain			2			1		3
	Germany			1	1				2
	Croatia				1				1
	Denmark						1		1
	Hungary			1					1
	Ireland				1				1
	Lithuania			1					1
	Poland							1	1
	Romania						1		1
	Sardinia					1			1
	Sweden			1					1
<b>North America</b>				<b>15</b>	<b>1</b>	<b>11</b>	<b>0</b>	<b>8</b>	<b>35</b>
	USA			11	1	11		8	
	Canada			4					
<b>South America</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>
	Mexico						2		
<b>Oceania</b>				<b>2</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>6</b>
	Australia			1		2	1		
	New Zealand			1		1			
<b>Africa</b>				<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>
	Kenya			1					
	South Africa							1	
<b>Total</b>				<b>70</b>	<b>16</b>	<b>40</b>	<b>20</b>	<b>30</b>	<b>131</b>

There is a large amount of academic research on LFS and SFSCs, although our review suggests that there are certain aspects which are still lacking in rigorous, empirical data regarding the socio-economic and environmental impacts of LFS / SFSCs, as discussed further in the next section.

## 3.2 Description of LFS and SFSCs in the EU

### 3.2.1 Defining LFS and SFSCs

#### *i. Local Food Systems:*

A local food system is one in which foods are produced, processed and retailed within a defined geographical area. Examples of local food systems are: farmers markets, farm-gate sales, vegetable box delivery schemes, community supported agriculture and public procurement schemes which source food from within a defined geographical radius. The foods which are exchanged within local food systems are usually those which are traceable to a particular place of origin, and have distinctive qualities or characteristics. They are often unprocessed or lightly processed foods. There is as yet no legally agreed definition of local food, nor of the geographical scale of the 'local'. The local is always experienced and understood in relation to larger geographical scales, such as the regional, national or global. The question of where the local area ends and another scale begins is subjective, depending on context (density of populations, accessibility and rural or urban character for example) and purpose. For example, supermarkets operating at national and international scales often describe a whole region or even country as a 'local' source (CPRE, 2002). Research in the UK, for instance, has found that people understand what 'local' means in different ways – see Box 1.

The complex nature of contemporary food systems, even for seemingly simple food commodities, also makes it difficult to define 'local' food (refer to section 3.4.3 on environmental impacts). For example, unless otherwise specified, locally-bred chickens may well have been raised on feed sourced from thousands of miles away. For processed products consisting of a variety of ingredients, the situation is still more complex. Products may be grown or reared in one location, moved to another for processing and packaging, and then returned to the original location for sale. So they may be considered 'local' foods in the sense that they have been produced and consumed locally, but might have generated several hundred food miles during the stages in between. Dishonest traders can take advantage of this to tap into consumer interest in local foods (Local Government Regulation 2011).

#### **Box 1 What does 'local' mean: examples from the UK**

The Institute for Grocery Distribution (2005) found that the majority of consumers thought that local meant their 'county' or 30 miles (50 km) from where they live or purchased the product. The Food Standards Agency (2006) found that 40% of respondents referred to local as being within 10 miles. The National Farmers Retail and Markets Association (FARMA) has developed criteria for certification. The two key points distinguishing a farmers' market from any other type of market are firstly that farmers, growers or producers from a defined local area are present in person to sell their produce direct to consumers. Secondly, all products sold should have been grown, reared, caught or processed in some way by the stallholder. FARMA recognizes that 'local area' can be defined in a variety of ways, depending on geographical location and types of product. As such, local is understood in two ways: firstly, as a defined radius from the market. Thirty miles is seen as ideal, but the radius can be increased to up to 50 miles for larger cities, coastal or remote regions, with a maximum of 100 miles recommended. The second understanding of local is in relation to a recognized boundary, such as county, National Park or other distinct geographical area. The FARMA criteria recognize that

exceptions may have to be made for scarce products. However, preference should be given to the nearest source whenever possible. The FARMA guidelines also stipulate that primary produce will have been grown or reared on the producer's land. For livestock and plants this means grown or finished (having spent at least 50% of its life) on the producer's land.

**ii. Short Food Supply Chains:**

The definition of short food supply chains developed by Marsden *et al.* (2000) is referenced by many subsequent researchers. They argue that SFSCs have capacity to 're-socialize' or 're-spatialize' food, thus allowing consumers to make value-judgements about foods. The foods involved are defined by the locality or even specific farm where they are produced. Interestingly, Marsden *et al.* (2000: 426) make clear that "it is not the number of times a product is handled or the distance over which it is ultimately transported which is necessarily critical, but the fact that the product reaches the consumer embedded with information." What they mean by 'embedded' with information is for example printed on packaging or communicated in person at the point of sale. This information "enables the consumer to confidently make connections and associations with the place/space of production, *and potentially the values of the people involved and the production methods employed*" (2000: 425, their emphasis). The differentiation of products in this way, in theory, allows products to command a premium price, if the information provided to consumers is considered valuable. An important principle of SFSCs is that the "more embedded a product becomes, the scarcer it becomes in the market" (2000: 425).

Marsden *et al.* (2000), and later Renting *et al.* (2003), identify three main types of SFSC, all of which engender some form of 'connection' between the food consumer and producer.

\* **Face-to-face:** consumer purchases a product direct from the producer/processor on a face-to-face basis. Authenticity and trust are mediated through personal interaction. The internet presents opportunities for a variant of face-to-face trading – although more recent research by Canavan *et al.* (2007) has to some extent problematised the extent to which internet trading can replicate the experience of buying direct from the person who has made the food. Examples of face-to-face SFSCs are: farmgate sales, Pick-Your-Own, farm shops, farmers markets, roadside sales.

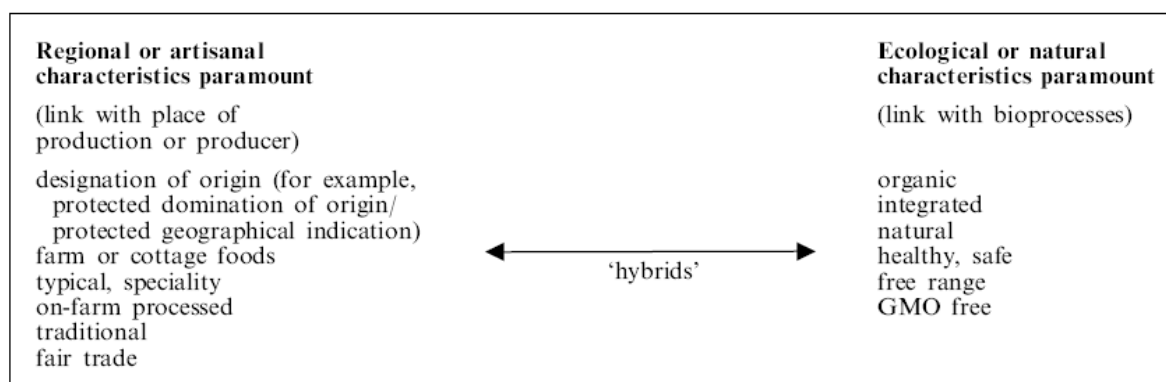
\* **Spatial proximity:** products are produced and retailed in the specific region of production, and consumers are made aware of the 'local' nature of the product at the point of sale. This category overlaps with the 'face-to-face' category and includes the same retail spaces as noted above. In addition, this category could include specialist retailers (e.g. delicatessens, bakeries, butchers, grocers) which sell 'local' produce and also elements of the hospitality industry which sell local foods (e.g. restaurants, pubs, hotels and other accommodation). This category could also include public sector food provision, such as hospitals, schools, universities, care homes, prisons and so on which either sell or provide locally sourced foods. It could also include examples of supermarkets retailing locally sourced foods – a growing trend certainly in the UK or France, although we are currently unsure as to the extent of this practice throughout the EU.

\* **Spatially extended:** information about the place and processes of production is communicated to consumers who are outside of the region of production itself, and who may have no personal experience of that region. All types of retail space are potentially appropriate for this type of SFSC. The product information is communicated through product packaging and promotion, branding, and the use of certification and legislation to protect named products with distinct geographical origin. The main examples are PDO (Protection of Designated

Origin) or PGI (Protected Geographical Indications) (see Barham 2003). This legally enforced system sidesteps the whole problem of defining ‘the local’ itself, by insisting instead that the crucial point of definition is whether a food product’s characteristics are attributable wholly or in part to the features of a distinct – and usually relatively small - geographical area. Therefore what the consumer can rely on is not whether the product has been produced within a defined radius from the point of sale (as in a local food system), but that it has been produced in a distinct area defined by the presence of a unique combination of soils, topography, climate, and locally embedded skills and knowledge. Products registered under such schemes therefore do not have to be retailed locally – they can be exported - and this offers opportunities for producers to benefit from bigger markets. As noted by Renting *et al.* (2003), the transaction costs resulting from the need for certification, and of course distribution, mean that spatially extended SFSCs are often occupied by larger businesses. Whilst a large number of products now have PDO/PGI status, the geographical spread of product registration is uneven (see Parrot *et al.* 2002) and there are significant variations in consumer knowledge and understanding of these schemes across the EU.

Renting *et al.* (2003: 401) also identify different ‘quality conventions’ associated with SFSCs. The first type stresses links with the place of production or producer. The clearest example of these is regional speciality foods, including PDO/PGI. A second group stresses bioprocesses and appeals to consumer concerns about environmental sustainability and food safety. Renting *et al.* acknowledge that the distinction between these may be blurred and that producers actively construct ‘hybrid’ quality conventions which draw on both dimensions.

**Figure 2: quality conventions in SFSCs**



Source: Renting *et al.* (2003: 401)

Other definitions state that the number of intermediaries in SFSCs should be ‘minimal’ (e.g. Ilbery and Maye 2006) or ideally nil (Progress Consulting Srl 2010). This is in particular the case in France where there seems to be consensus that the key criterion refers to the number of intermediaries between the producer and the consumer and that this number for short supply chain should be of maximum one (Maréchal, 2008; Aubry & Chiffolleau, 2009). Indeed, a short supply chain differs from direct sales as it can cover systems where the sale to the final consumer is made by a cooperative or a shop / supermarket. Following these debates, the French Ministry of agriculture defined SFSC as those systems with one or fewer intermediaries (ENRD, 2012).

From the preceding description, it can be seen that the definition of SFSCs as introduced by Marsden *et al.* (2000) and commonly used by others, encompasses LFS, within the categories of face-to-face and spatially proximate SFSCs. Most spatially extended short supply chains as

defined by Marsden *et al.* (2000) would not qualify under the French definition above (e.g. PDOs, PGIs, etc.). The concept of SFSCs does not make explicit reference to geographical boundaries delimiting the system (Progress Consulting Srl, 2010). As mentioned by Aubry & Chiffolleau (2009), those SFSC can be identified as 'proximity' or 'local' when they are limited to a reduced geographical radius (80 kms in the article mentioned). The benefit of referring to SFSCs rather than LFS is that it focuses on the *nature of the relationship between producer and consumer*, rather than getting bogged down in attempts to agree a definition of 'local' and for this reason, we used the concept of SFSC to guide the database construction and case study selection which are detailed in Sections 4 and 5 of this report. Whilst the review of terminology suggests that SFSCs is a more precise concept than LFS, it is nevertheless common to find that campaigning organisations often frame their agendas in terms of 'local' food systems, and marketing strategies refer to 'local food' because of the normative values often associated with the local.

### 3.3 Overview of types of SFSCs currently operating across the EU

This element of the review is principally concerned with illustrative examples of the types of local food systems and short food supply chains currently operating in the EU and other comparable territories.

Much of the information about LFS/SFSCs in the EU has been generated by European Commission Framework research. The relevant comparative studies of LFS/SFSCs that we have identified to date are summarized in Table 3:

**Table 3: EU funded research on LFS/SFSCs**

Project name	Date	Project description	Key outputs
IMPACT	Not known (4 <sup>th</sup> Framework)	Examined impact of rural development policies. Recognized at the time that there was a lack of official data of sufficient reach and quality, and their own research across 7 EU countries was exploratory (Netherlands, Ireland, Germany, UK, Spain, Italy). Estimated that a total of 1.4 million famers were involved in direct selling. SFSCs were most developed in Mediterranean countries and Germany. They estimated that in Germany, Italy and France, SFSCs had reached the highest socio-economic impact, adding 7 – 10% to the total NVA realised in agriculture.	Renting <i>et al.</i> 2003
SUPPLIERS	2003-5	``Supply chains linking food SMEs in Europe's lagging rural regions'. Case studies of supply chains in Scotland, England, Wales, Ireland, France, Greece, Finland, Poland.	Ilbery and Maye 2005; 2006

SUS-CHAIN <a href="http://www.sus-chain.org">http://www.sus-chain.org</a>	2003-5	Although it did not focus primarily on SFSCs, it provided some valuable case studies on regional marketing from 7 different countries (Netherlands, UK, Switzerland, Italy, Belgium, Latvia, Germany).	De Roep and Wiskerke 2006
COFAMI <a href="http://www.cofami.org">www.cofami.org</a>	Not known VI Framework	Comparative analysis of the social, economic, cultural and political factors that limit/enable the formation and development of collective marketing initiatives in 10 EU countries (The Netherlands, Denmark, Germany, Italy, France, Austria, Switzerland, Latvia, Hungary, and Czech Republic).	Knickel <i>et al.</i> 2008
FAANWEB: Facilitating Alternative Agro-food Networks: Stakeholder Perspectives on Research Needs.  Austria, UK, France, Hungary, Poland.	2008-2010	Reported that LFS promote social, economic and environmental benefits. Concluded that LFS offer an opportunity for small scale quality farming to gain value through processing products and direct selling. Thus LFS contribute to local employment through agriculture, processing, and economic regeneration. Argued that although supermarkets increasingly promote products as 'quality' and 'even as local,' LFS depend on producer-consumer proximity as a different basis for trust.	Karner <i>et al.</i> 2010

As many observers have noted, there is great diversity of schemes in operation. For example, Karner *et al.* (2010: 7), in their work on Alternative Agri-Food Networks (AAFNs) note that “[D]iversity in AAFNs occurs within as well as between countries. For example, in southern European countries quality is strongly shaped by the context of production, including culture, tradition, terrain, climate, local knowledge systems. In northern and western European countries, in contrast, quality criteria concern environmental sustainability or animal welfare, with innovative forms of marketing. In Central and Eastern European countries, traditional peasant culture survived especially in remote rural areas; quality criteria emphasize traditional and cultural aspects.” Although as remarked by van Rijswijk *et al.* and supported by our own systematic review, empirical evidence for consumer awareness of these kinds of distinction is actually quite scarce.

Table 4 presents an overview of types of LFS / SFSC grouped according to the categorisations identified for the purpose of the present report. It excludes the separate category of 'face to face' sales identified by Marsden *et al.*, and groups these instead within 'sales in proximity'. It also specifies that a named farmer has to be identifiable in the exchange.

**Table 4: Overview of types of LFS/SFSC in the EU**

SFSC	Sub-classification
<p>Sales in proximity.</p> <p>These may be achieved by farmers acting individually or collectively, but produce has to be traceable back to a named farmer.</p>	<p><i>CSA (Community Supported Agriculture) (or equivalent : AMAP, GAS, etc.)</i></p> <ul style="list-style-type: none"> <li>- have variations according to different regions and countries, but follow same essential principles whereby subscribers receive a share of the harvest in return for money and labour.</li> </ul> <p><i>On Farm Sales:</i></p> <ul style="list-style-type: none"> <li>- Farm shops</li> <li>- Farm based hospitality (e.g. table d'hôte, B&amp;B)</li> <li>- Roadside sales</li> <li>- Pick-Your-Own</li> </ul> <p><i>Off Farm Sales – commercial sector:</i></p> <ul style="list-style-type: none"> <li>- Farmers' markets and other markets</li> <li>- Farmer owned retail outlet</li> <li>- Food Festivals / tourism events</li> <li>- Sales directly to consumer co-operatives / buying groups</li> <li>- Sales to retailers who source from local farmers and who make clear the identity of the farmers.</li> <li>- Sales to HoCaRe* as long as the identity of the farmer is made clear to end consumers.</li> </ul> <p><i>Off Farm Sales – catering sector:</i></p> <ul style="list-style-type: none"> <li>- Sales to hospitals, schools etc. The catering sector institution in this case is understood as the 'consumer.'</li> </ul> <p><i>Farm Direct Deliveries:</i></p> <ul style="list-style-type: none"> <li>- Delivery schemes (e.g. veg box)</li> </ul>
<p>Sales at a distance</p> <p>These may be achieved by farmers acting individually or collectively, but produce has to be traceable back to a named farmer.</p>	<p><i>Farm Direct Deliveries:</i></p> <ul style="list-style-type: none"> <li>- Delivery schemes</li> <li>- Internet sales</li> <li>- Speciality retailers</li> </ul>



### 3.4 The Socio-economic and Environmental Impacts of LFS/SFSCs

LFS and SFSCs are commonly regarded as delivering social, environmental and economic benefits. So for instance, the UK's Soil Association (2001), links local or regional 'control' of physical and economic activity with the ability to deliver a range of benefits. As such, their definition of a 'sustainable local food economy' is:

"A system of producing, processing and trading, primarily of sustainable and organic forms of food production, where the physical and economic activity is largely contained and controlled within the locality or region where it was produced, which delivers health, economic, environmental and social benefits to the communities in those areas."

In this definition, the local is not attributed with a specific spatial scale, but the key point is that the control of economic activity is retained locally, and that a range of benefits are delivered. Local food systems are also often associated with co-operative, fair and ethical behaviour. For example, Slow Food International, whilst not campaigning solely for LFS, calls for fair pay for small-scale producers, and prioritizes the preservation of local identities and associated ecological, cultural and knowledge resources (<http://www.slowfood.com>). The 'local' is often understood in terms of opposition to the 'global', as for example in campaigns to 'resist' the globalization of food systems by preserving local food practices. Such resistance, it is claimed, will help to 'defend' local economies, communities, knowledge, traditions and environmental resources (see for example Hines 2000; Pretty 2001; Hendrickson and Heffernan 2002).

Clearly, this type of discourse encapsulates critical perspectives on power in the food system and also taps into broader critiques of global capitalism and the tendency for power to be concentrated into corporate hands at the expense of local communities. In these critical discourses, 'the local' is endowed with a particular set of values, such as principles of endogenous development, ethical trade, fair treatment of workers, social inclusion, environmental sustainability. In counterpoint to this, influential papers by Du Puis and Goodman (2005) and Born and Purcell (2006) have cautioned against assuming that LFS are inherently more inclusive, ethical or environmentally sustainable simply because of their scale; they argue that scale itself does not have intrinsic qualities but is socially constructed and the ethical and environmental dimensions of any food system are not always attributable to the scale at which it operates.

One of the few studies we have found that attempts to develop indicators of the socio-economic and environmental indicators of local food systems is that introduced by Foundation for Local Food Initiatives (2003), and also used by Dowler *et al.* (2004) and most recently by Saltmarsh *et al.* (2011) for the Soil Association. As illustrated in Box 2 it uses the capital assets framework drawn from the Sustainable Livelihoods Approach to provide qualitative and quantitative assessment of the impacts of LFS across five different assets.

#### Box 2: Five Capital Assets

Foundation for Local Food Initiatives (2003) presented the impact of the local food sector on sustainable development utilising the five capital assets framework:

**Human capital:** generating greater employment opportunities at local level, encouraging skills transfer and training

**Financial capital:** supporting local services and suppliers and increased retention of money within the local economy

**Physical capital:** supporting local shops and markets

**Social capital:** improving diet and health through increased access to nutritious food; increasing social contact between people; increasing understanding of the links between food, environment and health; increasing opportunity for community involvement; making greater use of co-operation between businesses

**Natural capital:** encouraging farmers to adopt more environmentally friendly production systems; generating fewer ‘food miles’; enhancing the viability of traditional farming systems that benefit the environment; conservation of air, soil and water, including reduced pollution and waste.

Foundation for Local Food Initiatives 2003: 4-5

Notwithstanding the example above, our overall impression on the basis of our systematic review is that the existence of reliable qualitative and quantitative indicators on the impacts of LFS/SFSCs is somewhat patchy, mainly because of a lack of longitudinal studies which establish baseline data. As such, our review is selective and draws only on studies which we consider to be supported by rigorous research and conceptual development.

### 3.4.1 Social impacts of LFS/SFSCs

When discussing the social impacts of LFS/SFSCs, many authors reference papers from the late 1990s / early 2000s. Claims about the social impacts of LFS/SFSCs are often repeated, but there appears to be little agreement on robust indicators of the social impact of LFS/SFSCs. Rather, authors use an array of terms and concepts (e.g. trust, regard, social embeddedness) to try and capture the significance of the social relationships which are formed around these food chains. From the papers reviewed the following most significant social impacts have been identified (Table 5), which are supported primarily by qualitative evidence to substantiate claims:

**Table 5: Social impacts of LFS/SFSCs**

Social impacts		Examples of studies (with supporting evidence)
1	Interaction / connection (between producer and consumer)  Notions of trust and relationships; Relations of regard; wider concept of social capital	Abatekassa and Peterson (2011); Canavan <i>et al.</i> , (2007); Chiffoleau (2009); Hendrickson and Heffernan (2002); Hinrichs (2000); Ilbery and Maye (2005); Kirwan (2004, 2006); Mount (2011); Murphy (2011); Pretty (2001); Sage (2003); Sharp and Smith (2003); Sinnreich (2007); Smithers <i>et al.</i> (2008); Tregear (2011); Venn <i>et al.</i> (2006)
2	Sense of community	Abatekassa and Peterson (2011); Chiffoleau (2009); DeLind (2011); Hayden and Bucks (2012); Lawson <i>et al.</i> (2008); McGrath <i>et al.</i> , (1993)

3	Increased knowledge / behavioural change	Cox <i>et al.</i> (2008); Hayden and Buck (2012); Torjusten <i>et a.</i> (2008)
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### *i Social interaction, trust, social embeddedness*

Much research stresses that building relationships of trust is a central component and an important benefit of LFS/SFSCs. Sinnreich's (2007) study of Polish Farmers' Markets found that the building of relationships between consumer and producer is 'essential' and provides a 'unique experience'. It is stated that the product can be explained to the consumer and many people (especially older people) prefer to talk to someone who knows something about the product. Sage (2003) discusses the significance of relationships at Farmers' Markets in Ireland. Kirwan (2004) found that trust was built through the face-to-face interaction between producers and consumers at UK Farmers' Markets. Similarly, Hendrickson and Heffernan (2002: 363) examined the Kansas City Food Circle (USA) and suggest that trust is "not referring to food product in itself but the notion that one can trust the farmer to produce this food in a 'safe' way because the consumer knows the farmers and hold them responsible". They found that 'trust' comprises responsibility from the producer (to produce healthy, wholesome food, to be eaten by people who they know), and responsibility from consumers (towards the producers, whom form part of the community). Smithers *et al.* (2008: 345) in their study of 15 Farmer's Markets in Canada, also found that customers typically wish to support, preferably local, farming and farmers/producers and that trust is a central element to this, "knowledge of farmers production practices appear much less important to customers [...] we sense here that is not so much that shoppers are disinterested in farming practices, but rather that trust frequently trumps the need for the details!" Indeed, significant numbers of consumers fail to assure themselves that the vendor is actually the producer. Additionally, Ilbery and Maye (2005), found that for the majority of dairy and egg producers interviewed, the establishment of good personal relationships with customers is critically important (Ilbery and Maye, 2005)<sup>2</sup>.

Interestingly, Murphy's (2011) survey of 252 customers at 11 farmers' markets in New Zealand, found that interaction with producers was not particularly valued by consumers, who indicated a preference for a more traditional and passive role (Murphy, 2011). Moreover, when researching producer and consumer motivations for attending Farmers' Markets, Kirwan (2004:401) found that the social benefits were often seen as a "welcomed by-product rather than a primary motivation".

### *ii Sense of community*

Many LFS/SFSCs (particularly CSAs) attempt to build communities and relationships around the growing and eating of food, and this is reflected in many case studies from different countries. Hayden and Buck's (2012) study of CSAs in New York identifies 'social concern' which can be illustrated through the open and sympathetic nature of members towards the farmer's personal struggles. DeLind (2011) also discusses the market in terms of 'community'; as place-building and improving of relationships around neighbourhood-based, food-related activities (see also Abatekassa and Peterson 2011). On the aspect of 'relationships',

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<sup>2</sup> The importance of relationships, through face-to-face contact is also highlighted in Canavan *et al.*'s (2007) Irish study of the strengths and weaknesses of internet/direct sales. They note that internet shopping does not allow for interaction with staff or products – which is often a key part of buying speciality foods, i.e. consumers value a close relationship with producer and understanding of production context.

Chiffolleau's (2009) study of farmers' markets and box schemes in southern France found that, "alternative supply chains can renew ties between producers by decoupling political relations and through the embeddedness of sales activity in technical and friendship relations, both of which favour co-operation towards innovation." Lawson *et al.* (2008: 14) found that the continued reference to community dimensions in relation to New Zealand farmers' markets can only arise because "farmers are willing to come together and recognise the potential benefits that emerge from cooperative activity."

Whilst case studies generally identify the importance of trusting social relationships, or a sense of community associated with LFS/SFSCs, a few studies have also highlighted the potential for such food chains to contribute to, or reinforce social exclusion. This theme has been most developed by studies from the USA which have identified a racial dimension to AFNs, whereby such initiatives are mainly the preserve of white, middle class and affluent consumers (Hinrichs and Allen 2008; Guthman 2008). Winter (2003) in his qualitative and quantitative UK study found that the preference for local food over organic food was due to a 'defensive localism' rather than a strong 'turn to quality' based around organic and ecological production. Some studies have found that LFS are more expensive and thus inaccessible to lower income consumers (Brown *et al.* ; 2009 Macias 2008), but this point is contested (for example Kneafsey *et al.* 2008).

### **iii            *Increased knowledge leading to behavioural change***

The impact of behaviour change as a result of gaining knowledge from participating in SFSC schemes is apparent in the literature. This benefit is noted in studies based in America, the UK, and Denmark and Norway. For example Torjusten *et al.* (2008) surveyed three organic box schemes, two in Norway and one in Denmark. They found that box scheme participants gained an increased knowledge of food, food practices and agricultural systems. Such an increase in knowledge could lead to wider behavioural change; in both their studies Cox *et al.* (2008) and Hayden and Buck (2012) found a wider behavioural change of participants in CSA schemes. Cox *et al.*, (2008) called this the 'graduation effect' whereby participants are inspired to address other aspects of their consumption or lifestyle after they have thought about food. Saltmarsh *et al.* (2011) in their recent study of CSAs in England found that 70% of CSA members said that their cooking and eating habits had changed, primarily through using more local, seasonal and healthy food; 66% said that their shopping habits had changed, principally through a shift to more local shopping. Interestingly, CSA has a perceived effect on members' health, skills and well-being: 70% saying that their overall quality of life has improved; 46% say their health has improved; 32% say they have developed new skills; 49% identify some other personal benefit. Employees frequently report high levels of job satisfaction from a supportive work environment and regular contact with the community the initiative supplies.

### **3.4.2    *Economic Benefits of LFS/SFSCs***

It is often claimed that LFS/SFSCs can generate economic gains for producers, consumers and local communities. For example, the SUS-CHAINS project concluded that:

"One of the interesting findings in this respect is that direct and regional marketing initiatives do generate additional income and employment for rural regions, although the degree to which they do so differs. In addition they enable synergies with other regional economic activities and often contribute to an increase in job satisfaction and organisational capacity within rural communities, greater consumer trust in food systems, and reductions in food miles or waste. In more marginal areas, these benefits can help counter the abandonment of agriculture, out-migration and 'greying' populations". Roep and Wiskerke (2006, Foreward).

Various methodologies have been used to demonstrate the economic impacts of LFS/SFSCs, although it has been highlighted that not all the methods applied are appropriate or transparent (Henneberry *et al.*, 2009). Data is often generated through localised case studies (e.g. Alonso and O'Neill, 2011, Broderick *et al.* 2011, Connelly *et al.* 2011, Maxey *et al.* 2011). Case studies often utilize questionnaires with farmers or other decision makers and their perception of economic performance may differ from measured performance through farm accountancy networks. Our review has identified case studies from America (US, Canada), Australia, New Zealand and Europe but few draw comparisons between different countries or sectors (Mikkola, 2008).

## *i Rural Development and Economic Regeneration*

Many studies suggest that LFS/SFSCs can contribute towards rural development and economic regeneration. Du Puis and Goodman (2005: 364) state that SFSCs can be “seen as new sources of value added which can be retained locally and can act as a catalyst for rural economic regeneration and dynamism.” SFSCs create ‘new economic spaces’ (*quoting* Van der Ploeg *et al.* 2000; Marsden *et al.* 2002; Renting *et al.* 2003), and can reverse the decline of rural services and the depletion in food and farming physical infrastructure (see also Pearson *et al.* 2011). Furthermore, Du Puis and Goodman (2005: 365) state that “SFSC are in a position to valorize those qualifiers of ‘the local’ and its socio-ecological attributes—terroir, traditional knowledge, landrace species, for example—that can be translated into higher prices.” In this context, the construct of local is deployed to convey meaning at a distance, thereby a source of value, in the form of ‘economic rent’.

More specifically, it is claimed that shortening the number of links in the supply chain results in increased local sales, increased demand for local services, and increased labour markets. These impacts can be quantified in terms of multiplier effects. The multiplier effect that farmers' markets can have on the local economy has been demonstrated through several American studies. Otto and Varner (2005) reported that farmers' markets in Iowa generated an estimated \$31.5 million of gross sales during the 2004 market season, and the calculated multiplier effect was 1.58. The authors stated that around \$4.3 million of these effects were 'indirect' (including wholesale or supply transactions that support the market vendors) and approximately \$7.2 million were 'induced' (a result of personal purchases made by the market vendors and employees). Similarly, Henneberry *et al.*, (2009) reported a multiplier effect of 1.78 from farmers' market activity in Oklahoma during 2002, stating that they generated sales of \$3.3million, which had an impact if \$5.9million on the Oklahoma economy.

Some studies have also suggested that the presence of SFSCs such as farmers' markets, attract shoppers into areas they would not necessarily visit, and this results in increased trade for local business. This has been suggested by Lev *et al.*, (2003), who found that many farmers' market shoppers surveyed in Oregon, travelled to downtown areas specifically to visit the market, and also spent additional money at neighbouring businesses (Lev *et al.*, 2003).

Few European studies have been published which quantify the impacts of SFSCs on the economy, although one study of an organic box scheme in the United Kingdom (Boyde 2001) found that every £1 spent on a local box scheme resulted in a £2.59 contribution to the local economy (defined as the area within a 15 mile radius of the farm). In contrast, when £1 was spent at the supermarket chain store, it only resulted in a £1.40 contribution to the local economy. A more recent study by the New Economics Foundation (2011) using the Social Return on Investment model (SROI), found that in two local authority areas in England, spending on seasonal, local produce for school meals has risen dramatically, returning over £3 in social, economic and environmental value for every £1 spent. SROI is an increasingly

popular approach which allows a broad range of outcomes to be captured, measured and valued than is usually possible with conventional cost-benefit analyses.

LFS/SFSC have been also described as a notable source of employment opportunities (Roininen *et al.*, 2006), and positive multiplier effects have been associated with this (Henneberry *et al.*, 2009; Otto and Varner, 2005). These employment opportunities may be directly attributed to production and sales (i.e. growing, picking, packing, selling etc.), or indirectly through the supply and service sectors (i.e. companies providing raw materials, retail outlets). Otto and Varner (2005) estimated that over 140 full employment positions could be indirectly attributed to farmers' market activity in Iowa, USA. The multiplier effect for employment was 1.45, so for every full-time equivalent job created at farmers' markets, a further half of a full-time equivalent job was supported in other sectors of the economy, predominantly in agriculture and retail. Similarly, Henneberry *et al.* (2009) reported that the multiplier effect associated with famers' markets in Oklahoma, USA, was 1.41. In total 113 full time equivalent jobs could be attributed to the 21 famers' markets studied – 81 of these jobs were direct and associated with agriculture, and a further 17 were indirect and 16 were induced through the local economy. These two studies from the USA demonstrate how employment opportunities are generated through farmers' markets, but it must be acknowledged that these markets are often seasonal, and the associated multiplier effects should therefore be interpreted with caution (Otto and Varner, 2005). Some authors have argued that the economic benefits can be unevenly distributed, and while some sectors will gain sales, income, and jobs there will be losses in other sectors. Goodman (2004) suggests that diversification to exploit SFSCs, often makes use of resources already available on farms (in terms of land, craftsmanship, livestock, products etc.), and so this raises questions about the magnitude and distribution of local multiplier effects.

Pearson *et al.* (2011: 889) have also suggested that LFS offer opportunities for tourism and further positive associated economic impacts: “An additional economic benefit [of local food systems] is the potential from increased tourism due to local branding and recreational shopping opportunities. The revenue achieved in all of these local businesses tends to remain in the local economy, where it has a multiplier benefit through adding to employment in other service industries in the local community.” Some authors argue that SFSCs are a product rather than driver of socio-economic development (Tregear, 2011). This is supported by work by Ricketts Hein *et al.* (2006), who state that areas with lots of alternative food networks tend to be rich in resources and possess a diverse agricultural base.

## ***ii Farm level economic impacts***

One of the most commonly reported economic benefits associated with LFS/SFSCs, is that of increased income for the producer. It has been suggested that producers are able to add a price premium when selling through SFSCs (Pearson *et al.*, 2011), that the elimination of the ‘middleman’ enables farmers to receive a greater share of the profits (Sage, 2003) and that SFSCs provide growers with an opportunity to diversify and add value to their produce that would not usually be marketed (Alonso, 2011). Despite these claims, which are numerous in the literature, few are supported by empirical research.

Of the studies which do present supporting evidence, the majority of evidence is qualitative, and based on perceptions and experiences. For example, when traders at a farmers' market in New Zealand were asked, in an unprompted way, to supply their reasons for using the market, the main motivation identified was for the ‘economic’ benefits (Lawson *et al.*, 2008). Specifically, the perceived economic benefits were, “the desire to obtain a fair price, the wish to avoid middlemen and to obtain a supplementary income” (Lawson *et al.*, 2008: 19).

Similarly, consumers have the perception that SFSCs offer farmers increased returns. This is illustrated by work by Feagan and Morris (2009) which examined consumer motivations for shopping at a Farmers' Market in Ontario, Canada, using a survey of 149 customers. They found that a total of 83% of the respondents *agreed strongly* about supporting local farmers.

Few studies have quantified these suggested increases in returns although Lencucha *et al.*, (1998) (cited in Henneberry *et al.*, 2009: 65) did estimate that producers selling through farmers' markets receive an additional return of 40-80%. Few reports, however, provide economic data like turnover, prices, costs, labour input, and other management accounting. Mikkola (2008: p 203) states that this is because "One difficulty in studying economic relations within supply chains is that they are dynamic, invisible and possibly confidential; they need to be identified and approached rather than sampled." In Mikkola's work three contrasting vegetable supply chains in Finland were compared: (1) Industrial chain from farms in southern Europe (2) Large conventional chain and (3) Small organic chain with diverse seasonal vegetables for local supermarkets and caterers. The small chain is characterised as a 'socially overlaid network', and this may be seen as a modification of the 'strategic network' (Jarillo, 1988). Socially overlaid networks seem able to "invite" initiatives and the use of tacit competences, leading to improvement of product quality and sustainable chain growth. Developing the "backbone" of the chain towards this coordinative mode may, due to the "regard for the other", require social skills and human resources, not necessarily recognized by large companies experiencing the trend for increasing concentration.

Alonso and O'Neill (2011) examined the extent to which small farmers and growers in rural Alabama, USA, are interested in becoming involved with value-adding their product line. As with many such studies, a relatively small sample size was involved: a total of 33 small growers completed a questionnaire. The authors conclude that much of what respondents grow could be further processed into value-added products. However, research showed that the concept of value-adding produce is little understood amongst many rural farmers. Bloom and Hinrichs (2011) use a value chain model (based on business management studies and adapted to the context of agrifood enterprises) as a framework for investigating how actors who are accustomed to working within the logic of the traditional produce industry incorporate local food into their overall operations. Using a comparative case study in a rural and urban region of Pennsylvania, USA, they focus on conventional wholesale distributors as the link between local producers and local buyers. Interviews with the distributors, producers and buyers reveal the sources and outcomes of challenges affecting how the distributors organise their purchasing and selling of local produce. Network practices are important as distributors struggle to pay producers enough to maintain economic viability, while still making local produce accessible to a wide range of consumers.

An Australian case study (Broderick *et al.* 2011) suggests that producer-driven family farm marketing of branded meat is a feasible alternative to supplying mainstream buyers. Revenues were stabilized by avoiding the variability in farm-gate prices. Farms captured the marketing margin as well as gaining a premium through a brand promise of consistently good eating quality and providing information about attributes. Producer marketing was feasible where negotiation costs were minimised, particularly labour requirements to market the product beyond the farm-gate. Labour costs were reduced through the use of family labour. Transaction costs were minimised by increasing the volume sold through selling of bulk packs, attendance at well-frequented farmers' markets and cost-effective brand promotion. The adequacy of the profit gained was reconciled with personal goals, such as farm-based employment for spouses or to support a farming lifestyle. Important economic factors of producers' interaction with marketing and food supply chain Broderick *et al.* highlight are:

- Labour family labour, volunteer labour, apprentice labour, casual labour, professional labour and fees
- Marketing margin
- Negotiation costs
- Transaction costs

Maxey *et al.* (2011) have examined the economics of growing food on small-scale sites with 10 acres (4 ha) or less. They use eight current UK case studies: four fruit and vegetable growers, a mushroom grower, a ducklings hatchery, a mail order seed company, and a mixed holding selling cider, honey, eggs, and lamb. The threshold of 4 ha is below the level at which farms are typically considered viable in the UK; e.g. 5 ha (12 acres) are required for a farm to qualify for permitted development rights. The authors conclude that economically viable and sustainable land based enterprises can be created on holdings of 4 ha or less. In addition small livelihoods can be created on marginal sites, as illustrated by some of the case studies. These livelihoods often follow a slow development trajectory, allowing growers to avoid commercial loans and time to develop “in harmony with the ecosystem” as the authors put it. To judge the ecological or economic success of these smallholdings it is recommended to take a long-term view. The mental attitude and approach are seen as the most significant factor in creating viable smallholdings. This approach includes commitment, willingness to work long hours, patience, long-term perspective and creative, solution-focused thinking. All eight case studies achieve high yields per unit area by intensive and/or diverse cropping and then add value through processing and direct marketing. Enterprise diversity is a common feature of the successful case studies. The most profitable small-scale land based enterprises are labour intensive and horticulture is seen as better suited to small scale than livestock. Where smallholders can purchase land at agricultural land prices, the system offers affordable opportunities to enter farming. High property prices in the UK remain the single greatest barrier to new entrants to small-scale farming. This analysis also shows that for small-scale business the main criteria are their sheer economic existence and continued survival, which could also be called sustainable livelihoods. They may not generate similar incomes per input of labour hours as other farms, and would question such a narrow success indicator anyway, but they are robust enough to survive economic turmoil.

These case study success stories reported from various countries contrast somewhat with findings when a large survey is conducted. Uematsu and Mishra (2011), examined the impact of direct marketing of farm products to consumers on farm business income. Using a large US national survey they found that direct marketing strategies have little impact on farmer income, and that the use of farmers markets is negatively associated with income. They suggest that direct marketing to consumers may be more of a risk management tool than a tool for increasing profits or revenue. Sage (2003) also stressed the importance of assessing the relative profitability of different SFSCs and of comparing their returns with long food distribution systems. This is important, not only to assess the success of SFSCs, but also because “the suspicion at this stage is that for many of the more successful enterprises, it is involvement in the latter [long distribution chains] that partly enables them to engage in face-to-face and other spatially proximate marketing strategies” (Sage, 2003: 58). Lawson *et al.*'s (2008) survey of farmers' market traders in New Zealand, revealed that only 12 per cent of the stallholders relied on the market as their only distribution outlet. The authors found that most stallholders used a combination of two or three alternative channels to distribute products. This is supported by Ilbery and Maye (2005), who examined the retailing and processing aspects of local food products, by carrying out interviews with livestock farmers in the Scottish-English borders. The



authors concluded that both conventional *and* alternative supply chains are important for creating a market for local foods. They found that many small-scale, alternative operators cannot rely solely upon SFSCs and instead mix alternative (short) and conventional (long) chains for both their upstream and downstream service requirements.

Lower average profits may be due to the added labour requirements of direct marketing strategies. Hinrichs (2000: 301) notes that “Farmers who have turned to direct marketing in order to continue farming must pay much closer attention to costs and prices than hobby farmers or market gardeners, supported by other employment.” Hinrichs (2000: 301) also outlines that farmers must consider finances across a range of areas: “Costs must be covered, farmers deserve a living wage (as well as benefits), and the physical and natural infrastructures need to be stewarded. And CSA must also ‘get the prices right’ in another respect, if the promising alternative it represents is to be accessible and affordable to people of limited means.” Both of their results call into question the true sustainability of local food systems from the standpoint of producers.

A conclusion from these contrasting findings may be that there are many successful examples of local, small-scale and short food supply chains across the globe. They are encouraging options for some or even more and more farms, however, if national surveys of all farms are used, direct marketing is currently not an option for the majority of farms. While certain risks like dependency on single outlets, anonymity and commodity type price pressures can be avoided with direct marketing they are exchanged with new marketing risks, labour requirements and costs. These do not translate into higher average profits in all cases.

Many producers operating SFSCs primarily do so for ethical reasons, and many put the wider common good ahead of self-interest. In some cases, this means producers often become ‘profit sufficers’ rather than ‘profit maximizers’ (Ilbery and Kneafsey, 1998). This is illustrated by interviews carried out with farmers in Washington, which reported that one of the farmers did not feel the need to profit from her work as she regarded “her contribution to her community in terms of reciprocity that does not involve capital accumulation” (Jarosz, 2008: 240). While this is only based on the opinion of the one farmer, Jarosz (2008: 240) states that it does “raise important questions about the sustainability of direct marketing for small farms, and illustrates why some small farmers are ambivalent about the impacts of direct marketing upon their livelihoods”. Similarly, Sage (2003) identified farmers in south-west Ireland “for whom the enjoyment of selling through the local farmers’ market might compensate in part for their low monetary return. The production of use values together with the grant of regard from a small band of loyal customers does not, however, sustain livelihoods or ensure fulfilment, as the abandonment of smallholdings by disillusioned and “burnt-out” producers testifies” (Sage, 2003, p.58).

### 3.4.3 *Environmental Impacts*

Claims for environmental benefits in the referenced sources included: reduction in ‘food miles’ and carbon footprint for local food, positive impacts on (agro-) biodiversity and reduction in the use of agrochemicals for organic farms. These benefits are discussed in further detail below. The majority of papers briefly reported that SFSCs were ‘beneficial’ for the environment but then did not provide any further qualitative or quantitative evidence to substantiate claims made. After evaluating the content of each of these articles, only a small number were relevant. It is important to note that none of the articles examined reported environmental benefits for ‘SFSCs’ as a whole, but rather for different individual types of SFSC (as they are defined for this project). The focus of the articles varied and included (not in order of frequency); organic farming, local food, AFNs and CSAs. In this section, the term SFSC will be used as an umbrella term, and where appropriate, the different types of SFSC will be discussed separately. Whilst many SFSCs are organic, this is not a necessary feature of SFSCs. There is considerable research on the relative environmental impacts of organic compared to ‘conventional’ production practices, but this evidence is not reviewed here because the focus of the study is on SFSCs and not on organic production.

#### *i Energy use and carbon footprint*

Earlier articles mostly discuss the reduction in ‘food miles’ associated with LFS and SFSCs as an environmental benefit. The food miles concept, first coined in 1992 by Tim Lang, is relatively simple to understand, and comparisons between food items are easily made in terms of the carbon emitted in the transportation of the item from producer to retailer or consumer (Edwards-Jones *et al.* 2008; Seyfang 2008). Whilst the term has become popular with the media and general public, more recent research has demonstrated that it does not give a true picture of the total Greenhouse Gas (GHG) emissions involved in the whole food supply system. There are GHG emissions associated with production, processing and storage which these comparisons do not take into account (AEA Technology 2005; Edwards-Jones *et al.* 2008). Similarly, the term ‘local’ may be liked by consumers, and is given as a reason for purchase, but is a rather difficult term to define (Seyfang 2008). It might be a useful indicator again of the carbon emissions involved in transportation, but ‘local’ producers may use conventional farming methods or processing methods which negatively affect the environment (Scialabba & Müller-Lindenlauf 2010; De Weerd 2009a;b).

More recently, researchers have evaluated the environmental impact of food items using Life Cycle Analysis (LCA) (Cowell & Parkinson 2003; Williams *et al.* 2006; Van Hauwermeiren *et al.* 2007; Milà i Canals *et al.* 2007; Edwards-Jones *et al.* 2008; Edwards-Jones 2010). A combination of the descriptors ‘organic’ and ‘local’ may generally give a better indication of environmental importance of any SFSC, but even this does not guarantee that consumers would be making the most environmentally sound choice. For example, if organic, local products are stored and purchased out of season, these products may have a greater carbon footprint than non-local goods (Cowell & Parkinson, 2003; Van Hauwermeiren *et al.* 2007; Edwards-Jones *et al.* 2008).

Several authors consider that local supply chain and relocalisation of economic activities might not imply a better performance in terms of energy use and environmental footprint, because of lower volumes. The work of Schlich *et al.* (2006) compares energy consumption of regional versus global food chains for different products and seems to conclude on a positive impact of concentration of trade and transportation on the energy use per unit of products marketed. On the other hand, a number of LCA analyses are available which provide evidence that ‘local food’ can in *some* cases be beneficial to the environment in terms of reduced GHG emissions

compared to non-local food (Van Hauwermeiren *et al.* 2007; Pelletier *et al.* 2011). LCA analyses report total GHG emissions associated with an individual food product in CO<sub>2</sub> equivalents for the production, processing, storage and distribution. In a review of LCA analyses which compared 'local food' and 'non-local food', Edwards-Jones *et al.* (2008) found that the results of analyses varied according to the type of food product, type of farming operations used, mode of transport, season, scale of production, and also method of analysis used, availability of data for inputs, and boundaries of the system defined (i.e. what is included in the analysis and what is not). They therefore concluded that there was insufficient evidence to conclude whether or not local food is better for the environment than non-local food (Edwards-Jones *et al.* 2008). To illustrate the complexities of making such comparisons, (Edwards-Jones *et al.* 2008) compared the results of LCAs carried out for apples produced in the UK, Sweden and New Zealand. The results of LCA provided by the EU based researchers found that locally produced apples were more energy efficient than those produced in New Zealand. Even though it is more energy efficient to grow apples in New Zealand, the energy used transporting these to Europe negates this (Edwards-Jones *et al.* 2008). Conversely, New Zealand based researchers found the opposite to be true, the contradictory results are due largely to the choice of system boundary and methodologies (Edwards-Jones *et al.* 2008). Another study they report (by Milá i Canals *et al.* 2007) compares apples produced in selected countries in the southern hemisphere and also in Europe. This study found that whilst UK apples, consumed locally in October had a smaller carbon footprint than those grown in the southern hemisphere, if the same apple crop is stored until the following August and then consumed locally, then imported apples can have a smaller carbon footprint (Edwards-Jones *et al.* 2008).

A study by Coley *et al.* (2011) looked at the carbon emissions of delivery schemes compared to direct sales for vegetable box schemes. The study compared the GHG emissions and energy use of consumers who travelled to collect their produce in a local box scheme compared to a large commercial organic box scheme that delivered to its customers. The study found that customers who have to drive more than 6.7km in a round trip to buy their organic vegetables have higher levels of emissions when compared to the emissions involved in the system used by the large distributor. In this case emissions included cold storage, packing, transport to a regional hub and final delivery to the customer's doorstep. The authors suggest that these findings mean that some of the ideas regarding the environmental benefits of local food in terms of the reduction in food miles and GHGs need to be rethought Coley *et al.* (2011). Similarly, Mundler and Rumpus (2012: 614) conclude that actor's actual practices influence energy use and that arrangements can be sought to optimise logistics in short food chains: in a peri-urban context (the region of Lyon was studied), "local food systems can have an energy score that is comparable to, if not better than, long sales chains."

In summary, it is possible to carry out life cycle analysis to quantitatively compare individual products produced in different food supply systems, and a large number of these analyses are available in the literature. Such analyses compare organic with non-organic and also local with non-local food systems. However, whilst the quantitative analysis is robust, the interpretation of the results needs care. The results of LCA depend very much on the methodology and most importantly the functional unit and boundaries of the system investigated, and therefore are really only valid for the system and specific product evaluated. Life cycle analysis ideally should be carried out on the product from 'cradle to grave', but this is not often possible, food products are usually only evaluated from 'cradle to gate'. Thus interpretation of any analysis needs to consider which components of the food system (e.g. production, processing, transport, storage, retail, consumption) have been included and excluded. Furthermore, rather than consider the whole farm system and all of its products, life cycle analysis considers only one

product at a time. These caveats are true of any LCA and so equally apply to comparisons of complex mainstream food supply chains.

## *ii Other environmental impacts: sustainability and SFSCs*

One of the many reasons for the development of SFSCs and other alternatives to the mainstream is the recognition that intensive agriculture has had a serious negative impact on the environment (Stuart 2008). Whilst agriculture in the EU may not be as substantial in terms of its contribution to the GDP of EU countries as it once was, farming is still a major land use throughout Europe. The practices adopted by intensive agriculture have resulted in ‘simplified, artificial agro-ecosystems which rely on human inputs to regulate them’ (Hole *et al.* 2006; Stuart 2008). This reliance on inputs and technology has had a wide range of impacts. Whilst energy use is an important theme as agriculture contributes around 30% of total global emissions of greenhouse gases (GHGs) it is not the only consideration (McMichael, 2008). Other environmental impacts are also important and any one of these may have more significance on a local scale. Other environmental impacts of intensive farming which have not been covered extensively in the literature on SFSCs are: loss of biodiversity, destruction of habitats, pollution of soil and water from pesticide and fertiliser use, eutrophication, soil erosion and degradation, and deforestation (Altieri, 1999; IAASTD, 2008; McMichael, 2008; Wiskerke, 2009). Plassmann & Edwards-Jones (2009) have questioned just how ‘local’ local food actually is, when many of the inputs even for unprocessed seasonal food, such as fuel for farm machinery are sourced from considerable distances from the farm.

Cowell and Parkinson (2003) examined the sustainability of local food in terms of land and energy use for the UK as a whole. In their study they developed a series of equations, measuring the amount of land needed for UK self-sufficiency. The two indicators chosen were ‘energy’ and ‘land use.’ Results of the study suggest that self-sufficiency for the UK is possible, but that a greater amount of land in production is required as is a change in peoples’ eating habits. The authors noted that their study was based only on two indicators, so should be seen as a pilot study, but does suggest that with some changes, eating more local food is possible for the UK consumer. Two key changes in the average diet would be required to achieve this, namely: to consume alternatives for imported fruit and vegetables, and to consume less meat and more plant based foods, as these require lower energy and water inputs (Penning de Vries *et al.*, 1995; Gerbens-Leenes & Nonhebel, 2002). Similarly, self-sufficiency is possible for the EU. In an EU wide study, calculations indicated that it would be possible to provide a basic diet in terms of a balanced diet with sufficient calories for all nations in the EU, but that this does not consider cultural consumption. In support of the findings, the authors also noted that diets can change fairly rapidly, as was the case immediately following the Second World War (Gerbens-Leenes & Nonhebel, 2002).

In a study commissioned by the UK Department for Environment, Food and Rural Affairs to determine whether food miles were a suitable indicator of sustainability for UK food, AEA Technology (2005) examined the impacts of food transport. The authors concluded that food miles alone were not adequate as an indicator of sustainability, and that the issue was more complex than this, that a suite of indicators was necessary to take into account variations associated with different forms of transport (AEA Technology, 2005).

For any type of SFSC with an organic component, it can be assumed that there are benefits for biodiversity associated with the lack of agrochemicals in the system (Hole *et al.* 2003; Seyfang 2008). This could apply to a range of organic SFSCs including box schemes, direct sales and farmers markets. For other environmental benefits claimed the case is less clear when comparing organic with conventional farms. Environmental benefits depend on a range of

factors including: scale of farm, product grown, management used, and location. However, not all organic farms utilize SFSCs; many supply products to the mainstream supply chain.

Edwards-Jones *et al.* (2008) suggest that the best option for consumers who have concerns for the health of their environment would be to purchase local products, in season, from producers who use ecologically sound production methods. Just as there are issues with defining what is meant by ‘local’, defining what ‘ecologically sound production methods’ are, or what is meant by ‘environmentally produced’ is difficult. Equating ‘organic’ with ‘ecologically sound’ may do a disservice to those farmers who are not certified organic producers but who may use a range of ecologically sound methods, but also assumes that organic farmers use only ecologically sound methods for all of their farm processes. This is not necessarily always the case, as it is possible in some instances that organic farmers may have a larger carbon foot print compared to their conventional neighbours (Williams *et al.* 2006; De Weerd 2009a; b).

To summarise, for minimum negative impact on the environment in the food supply system, SFSCs should include *all* of the following general characteristics: be local, seasonal, and use ecologically sound production methods. These terms presented in Table 6 and Table 7 could be used as the basis for qualitative environmental indicators but need further definition.

**Table 6: Potential qualitative indicators of environmental benefits**

Potential indicator	Potential environmental benefits associated with this indicator	Issues to consider
Local	Reduced GHG emissions associated with transportation	How to define local, it may not be possible to produce one definition for all EU countries  Does this need to be given a legal definition; otherwise can it be misappropriated?
Seasonal	Reduced GHG emissions involved in storage	Seasons can be extended e.g. by using heated greenhouses  Does this need to be given a legal definition; otherwise can it be misappropriated?
Ecologically sound production methods	Reduced GHG emissions involved in production  Reduced or no pesticide use  Reduced soil and water pollution  Reduced soil degradation  Enhanced biodiversity  Water conservation  Minimum processing: reduces	There is wide variation in the choice of farming system used by producers. Should ‘ecologically sound’ mean that producers meet all, the majority or some of these behaviours?  If producers need to meet only some measures to be considered ecologically sound. Should the criteria be weighted or ranked?  Is minimising non-local inputs possible or fair, due to uneven distribution of

	GHG involved in processing and storage,  Minimise non-local inputs	resources?
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**Table 7: Potential Indicators, how do selected SFSC compare?**

Type of SFSC	Local	Seasonal	Ecologically sound production methods
CSA	Yes	Yes	Mostly
Box scheme – local collection	Yes	Mostly	Possibly
Box scheme – national delivery	Possibly	Possibly	Possibly
Farm shop	Yes	Mostly	Possibly
Farmers market	Mostly	Mostly	Possibly
Internet sales	No	Possibly	Possibly

### **3.5 Consumer attitudes to LFS / SFSCs**

#### **3.5.1 Consumer interest in local foods**

Despite the definitional problems discussed above, the term ‘local’ currently commands much interest because consumers have demonstrated a growing interest in sourcing ‘local’ food products. ‘Local food’ has resonance for consumers, rather than ‘short food supply chain’. Even though there is not much clarity about what local food actually means: it does mean *something*. Studies have shown that consumers like to buy local foods for a range of reasons, including environmental concerns, health reasons, perception that local foods are high quality, the enjoyment of shopping at local outlets, and in order to support local farmers, economies and communities (Kirwan 2004; Seyfang 2008; Kneafsey *et al.* 2008). In a recent survey of 26,713 EU citizens, 90% of respondents agreed that buying local food is beneficial and that the EU should promote their availability (Eurobarometer 2011). However, over half found local products hard to identify. The contribution that small farmers make to the social life of rural areas, their importance to the economy and their need to modernize are seen as valid reasons to assist small farms. Over half of all respondents (55%) agreed that the EU should encourage local markets and distribution channels, and over half agreed that there are consumer benefits to buying locally from a farm. Over half agreed that it would be beneficial to have labels identifying local products and these respondents were also more likely to recognize the benefits

to consumers of buying local foods and to agree that the EU should help make local products more readily available.

A more recent survey (Eurobarometer 2012) shows that the vast majority of EU citizens say that quality (96%) and price (91%) are important to them when buying food, while a substantial majority (71%) say that the origin of food is important. Quality, price and origin are considered important in most Member States with price being especially important for those citizens who have difficulties paying bills. The survey also reveals differences between countries. Whilst in every Member State except the Netherlands (47%), more than half the respondents regard the geographical origin of food products as important, there are significant differences between levels of importance in individual Member States. The vast majority of respondents in Greece (90%) and Italy (88%) consider origin to be important, while in the United Kingdom (52%) and Belgium (56%) these proportions are substantially lower. There are no significant differences between EU15 and NMS12 countries on this question.

Similar trends to those identified in the Eurobarometer survey have been found in national scale research. The UK Institute for Grocery Distribution (2005), for example, found that 70% of British consumers want to buy local food and their study in 2012 reported that UK shoppers remained keen to support their local economy and community by supporting local producers and retailers, despite the economic downturn. In fact, supporting the local economy had become more important to consumers since 2011, and 36% stated they were prepared to pay extra for locally produced food. Carpio and Isengildina-Massa (2007) estimate that the consumers of South Carolina (USA) are willing to pay an average premium of 23 to 27% for State-produced products and insist on the fact that consumer preferences evolve over time, as similar studies concluded twenty years before that consumers did not favor locally grown products. Arnoult *et al.* (2007) come to a similar result in the UK for two products (strawberries and lamb): after price, the local origin is the attribute the most valued by consumers (as well as products of the season) to the detriment of an EU origin; "there is a strong willingness to pay for locally produced goods".

A recent survey in France shows that 72% of the French consumers consider that it is very important / rather important to buy local food (Sainte Marie *et al.*, 2012): the main reasons put forward by consumers being (i) to support local agriculture and economy, (ii) the quality (taste) and safety of food purchased, (iii) environmental reasons (less transport and sounder farming practices). Chambers *et al.* (2007) in the UK also found positive attitudes towards local food, particularly in terms of appealing to local pride and supporting British farmers – the latter extending into ‘ethnocentrism’. Yet Khan and Prior (2010) found that urban consumers were confused by what ‘local food’ means. They identified barriers to purchase as: perception that local food too expensive, local is food not readily available, and no time to find it (similar results are reported from a small study by McEachern *et al.* 2010). They also noted that interest in local food seems to increase with age (this is supported by SERIO 2008, Eurobarometer 2011 and Sainte-Marie 2012). Interestingly, research identified so far provides contradictory evidence about the extent to which knowledge about and interest in food is strongly demarcated according to income group (compare Chambers *et al.* 2007; Eden *et al.* 2008; SERIO 2008). SERIO (2008) conducted a major, mixed methods research project for the UK’s Department for Environment, Food and Rural Affairs. They identified a growing consumer-led demand for local food, based on positive attitudes towards such produce. Barriers to purchase often relate to time-pressures of modern everyday shopping and cooking especially amongst urban consumers who work. For targeting purposes they identified 4 different consumer segments: Devotees (23%) buy frequently; Cynics (16%) do not buy at all; Persisters (25%) make an effort to buy and Abstainers (36%) find it difficult to overcome the barriers. They identified

logistical and distributional challenges for large retailers attempting to sell local food but note that this is where most significant growth is anticipated.

Whilst there seems to be a strong common interest in supporting local producers and economies, it is also important to note that the cultural geographies of consumption behaviour differ across the EU, although research evidence does not always confirm common assumptions about food cultures – see box 3. The Eurobarometer survey identified differences of opinion across member states. For example, whereas in most countries a majority of respondents ‘totally agreed’ that the EU should encourage local food markets, this was not the case in Italy, Malta, Austria, Poland and Portugal. Also, a majority ‘totally agreed’ that labelling is a good idea in all but seven member states. Another illustration is that whilst several UK based studies have suggested that there is general consumer interest in ‘buying local’ (even though there may be confusion about what this actually means), Åsebø *et al.*’s (2007) study of Norwegian Farmers Markets found that producers were more interested in giving consumers information than customers were in receiving the information. Drawing on 337 short consumer interviews (randomly sampled at Farmers Markets) and 162 producer questionnaires they found that producers and consumers regarded *how* food was produced as more important than *where* it was produced.

### **Box 3 EU differences in consumer attitudes**

Van Risjwijk *et al.* (2008) found that contrary to the view that Northern Europeans are more risk averse than Mediterranean consumers who are more concerned about quality, Italian consumers were in fact most concerned about safety. They suggest that this is related to trust in the state’s dealings with food safety issues. They note that the question of ‘whether traceability information related to quality and safety can indeed increase consumer trust in foods’ remains unanswered. Source of data: 163 qualitative consumer interviews in Germany, Italy, France and Spain.

#### **3.5.2 Consumer attitudes towards labels**

Extensive research on PDOs provides some insight into consumer attitudes towards food labelling. Van Ittersum *et al.* (2007) conducted a large scale, mixed methods investigation into consumer’s appreciation of PDO labels in the Netherlands, Italy and Greece. They drew three key conclusions: Firstly, consumers’ appreciation of regional certification labels may provide opportunities to increase consumer demand by marketing products with a regional label. Secondly, perceived quality is a strong determinant of consumers’ willingness to pay for protected regional products. Finally, as already suggested in the preceding discussion, emotional aspects related to regional products are also part of consumer attitudes – this can include loyalty to local farmers, and can extend to ‘defensive localism’ (Winter 2003) and ‘ethnocentric’ buying behaviour (Chambers *et al.* 2007). Van Ittersum *et al.* (2007) conclude that protecting products may be beneficial to stop copy cats spoiling reputation and that communication strategies should focus on quality-warranty and economic support benefits of regional certification labels (this is especially relevant to consumers with close ties to the region). They argue that “regional certification labels help increase the market transparency of regional product-quality, enabling consumers to make better choices and in this way increase consumer welfare” (Van Ittersum *et al.* 2007: 18), although they recognize that a limitation of the research was that is focused on consumers who already buy PDO products, and not those who do not buy them, and these consumers may already have decided to support regional producers for a range of reasons. Attitudes and behaviour towards PDOs clearly vary by country. In 1998 Tregear *et al.* found low awareness of PDO/PGI schemes in the UK, as did Teuber in Germany, 2011 (for other studies on consumer and PDOs see Espejel *et al.* 2008; Herrera and Blanco 2011).



Whilst quantitative studies such as those described provide a valuable indication of the strength of consumer interest in local foods, qualitative studies help to cast light on why such interest is not always translated into purchase behaviour, and they also problematise the idea that labels could be a potential solution to the challenge of increasing sales of farm traceable produce. Many of the qualitative studies of consumer behaviour in relation to LFS/SFSCs and labelling emphasize the complex and context-dependent nature of consumer decision making. They stress that interpretations of consumers as either 'knowledgeable' or 'ignorant' tend to downplay the situated practices of consumption and the ways in which consumers interpret the wide range of information they are exposed to (Kneafsey *et al.* 2008). Eden *et al.* (2008), for instance, examine how consumers understand food production and assurance information. They locate their study within the context of attempts to 'reconnect' consumers with producers through SFSCs and assurance schemes which can 'unveil' or 'de-fetishize' commodities. They question the notion that changing consumer behaviour (towards more sustainable consumption, for example) can be achieved through a 'knowledge fix' in the form of better food labelling. Their research challenges the assumption that more knowledge will reconnect producers and consumers, because "people do not simply act on information in a linear or predictable fashion" (2008: 4), and indeed there is uncertainty as to the extent to which shoppers even use food labels. A recent Eurobarometer (2012) survey of 26,593 respondents found that 67% of EU citizens check food purchases to see if they have quality labels indicating specific characteristics. However, only 22% of those polled say that they always check for these labels, while 45% say that they do this sometimes and 32% of respondents never check.

More information can actually cause 'latent' attitudes to come to the surface. In their focus groups with consumers, Eden *et al.* (2008) found that through discussion between shoppers, trust in quality assurance schemes was actually undermined as respondents began to question their own taken-for-granted assumptions about the authority behind certification. Confusion was also caused by the names of the assurance organisations: not all were recognised and so there was no reason to trust them. Supermarkets were not particularly trusted because of commercial motives and this is a theme which emerges in other work on UK consumer attitudes (e.g. Chambers *et al.* 2007; Dowler *et al.* 2011). The point is that "trust is produced not merely by information, but by its source... In other words, the messenger, not necessarily the message, matters" (Eden *et al.* 2008: 9).

Eden *et al.* use their research to critique elements of the 'reconnection agenda' which invest high potential in the ability of labelling schemes to contribute to changes in consumer behaviour: "the reconnection agenda itself sometimes 'imagines' consumers too simplistically, seeing them as disconnected (and therefore ignorant) and ready to respond positively to information about the supply chain" (2008: 13). They argue for a need to "move beyond a simple argument that providing information will change consumption or even be readily understandable to consumers" (2008: 13).

Qualitative studies such as these raise questions as to the effectiveness of labelling schemes and instead focus on the ways in which relationships between producers and consumers are embedded into daily practices and geographies of food shopping.

### **3.6 Institutional support for LFS/SFSCs**

In this section we summarize the institutional activities which directly support LFS/SFSC. Whilst the focus is on the EU, it is worth noting research by Sharp and Jackson-Smith (2010) who conducted a US national study of over 500 rural-urban interface counties to identify those

places that have active policies, programs, and organisations to encourage local food and farming development. They identify three key questions which also seem pertinent to the EU:

- (1) Do counties have active policies, programs and organisations and how pervasive are they?
- (2) What are the social and cultural characteristics of the communities that are actively involved in agricultural economic development?
- (3) Is the existence of these activities associated with changes in the number of farms, total agricultural sales, land in farms, and urban agricultural/local food activities?

The results of Sharp and Jackson-Smith (2010) show that counties formally organised to support agricultural economic development with a food policy council, also have more agricultural business and local food-system development programs. In the USA, counties with greater formal organisational development in support of agriculture are counties with larger populations, greater rural population densities, and larger numbers of farms. The existence of these organizations is associated with greater optimism about the future of local agriculture across key informers.

Renting and Wiskerke (2010) also note that an additional, increasingly important form of institutional support is in the growth of urban food policies and strategies to enhance the availability of healthy and sustainable foods in metropolitan regions, notably London, Amsterdam, Vancouver, Toronto, New York and the 'Food and Climate' initiative of Malmö. Food is no longer just the preserve of agricultural and rural development policy – it is also in the realm of health, environment departments, and increasingly civil society actors.

The following summary of institutional tools currently being used to support LFS/SFSC is drawn from Karner *et al.* (2010), Progress Consulting Srl (2011), the EU 6th Framework research project Encouraging Collective Farmers' Marketing Initiatives (COFAMI, [www.cofami.org](http://www.cofami.org)) and a consultation by the European Commission of stakeholders within the advisory group for Quality Policy (unpublished).

\* Financial incentives with the CAP 2<sup>nd</sup> Pillar or European Fund for Rural Development: the fund aims to promote the 'sustainable development of rural areas.' Its emphasis is on improvements to processing and marketing of primary agricultural products, there is flexibility in how national governments allocate funds according to sustainability criteria and this often creates an uneven playing field for small farmers and food businesses. Within this family of instruments, LEADER programmes – through Local Action Groups - involve many local food initiatives (ENRD, 2012).

\* Rules in place might be adapted to the constraints faced by micro and small-enterprises. This can be the case for:

- Hygiene regulations – Designed primarily for agri-industrial processes. Although the rules allow flexible interpretation to lighten the burden for traditional products, this has only been used to a limited extent. For example, many small slaughterhouses have closed due to EC meat hygiene regulations and this has limited capacity for direct sales. ENRD (2012) describes the flexibility arrangements for small producers put in place since 2005 in Austria concerning hygiene rules.

- Public 'green' procurement – directive 2004/18 allows broader criteria for defining which products are 'economically advantageous' and this enables procurement to take

into account 'environmental performance' of particular products – although it does not acknowledge territorial criteria (IFOAM-EU). Again, these regulations are interpreted in different ways across and within member states, for example in Italy where some local authorities impose a minimum share of products 'locally sourced' or of 'local origin', or a maximum delay between harvest and consumption of fresh products in school meals (ENRD, 2012).

- Trading rules – impose proportionately higher costs of small scale businesses than large ones. Costs from the following regulations: tax/fiscal; commerce; social insurance; etc.

\* Quality policy and labelling measures are already of impact, in particular:

- Organic regulations can indirectly support LFS/SFSCs because organic growers quite often make use of these routes to market.

- Territorial and quality branding – PDO/PGI regulations convey product characteristics to distant markets, mainly through 'conventional' food chains and are often not of use to small producers selling locally. PDO/PGIs can help to create synergies between agri-food and other rural sectors e.g. tourism. Karner *et al.* note that many more food products depend on non-protected territorial branding, which use labels which are recognised and trusted by consumers.

\* Other policy areas are mentioned by ENRD (2012), in particular issues related to access to land, improvement of legal framework for cooperatives and other collective models relevant to local and short supply chains, external communication and promotion tools with a view to raise public awareness about food quality and quality products.

Examples of institutional support at national or regional level noted in the EC Consultation, ENRD and Progress Consulting Srl were:

- \* general support for marketing of products e.g. logistical assistance for local markets, technical support for creation of joint marketing platforms, advice when negotiating with retailers, advice on how to access grants, access to joint facilities for processing and marketing, development of collective retail outlets managed by producers;

- \* research and training to develop the necessary knowledge and skills to influence mindsets and behaviours: examples are described by ENRD (2012) concerning the training of producers in communication, market analysis and commercial management, etc.;

- \* facilitating or directly undertaking certification or logo/brand development;

- \* establishing public-private-partnerships;

- \* introducing sustainable food within public catering services;

- \* conducting pilot initiatives, trials, or demonstration cases for testing of potentially successful initiatives or for the showcasing of good practices;

- \* replication and dissemination allow the up-scaling of successful interventions;

- \* the provision of financial resources provided in the seed phase of an initiative is more cost efficient than at later stages.

The general sense from the research noted above is that there are some existing tools which could be better adapted to the needs of small farmers and producers.

### 3.7 Summary and Conclusions

The systematic review of research papers and consultancy reports has proved a valuable exercise in terms of consolidating our understanding of the evidence available regarding the impacts of LFS/SFSCs. The review indicates that whilst there is a wealth of case studies available, few of them are comparative across geographical contexts, and so the transferability of findings is not always clear. Moreover, clear distinctions are not clearly drawn between the impacts of different *types* of LFS/SFSCs (for example, farmers' markets compared to CSA). Whilst we know that the number of LFS/SFSCs has certainly grown, our review confirms that there is currently very little data about the geographical spread and scale of LFS/SFSCs, and little systematic, quantifiable evidence regarding their contribution to rural economies and farmer livelihoods. This is due partly to the methodological difficulties of conducting cross-country comparative research with small and micro-scale enterprises. The difficulties include uncertainty as to how to assess impacts quantitatively, difficulties in comparing qualitative data in a meaningful manner, and challenges in comparing analyses from different geographical contexts (Venn *et al.* 2006). Moreover, it is extremely difficult to obtain economic data for many of these schemes: given their size, nature and focus, many do not routinely collect or publish such data.

In terms of the socio-economic and environmental impacts, it is noticeable that many papers list general claims about the benefits of LFS/SFSCs, sometimes without supporting, or baseline, evidence. Papers quite often refer back to some of the early studies which were published when LFS/SFSCs first became significant phenomena in the agro-food system. There is a sense that the literature burgeoned in the early 2000s, and then, with one or two exceptions, became preoccupied with undertaking many small and localised case studies, but without significant comparative studies or conceptual advances. Having said this, there has been a recent revival of research interest in the sector, with new research initiatives and publications appearing in press since the start of this project<sup>3</sup>. The main social impacts identified and evidenced to varying degrees include the development of trusting relationships between producers and consumers, improvements in social capital and sense of community, and increased consumer knowledge and understanding of food, farming and environmental issues, which in some cases can lead to behaviour change. The economic impacts of LFS/SFSCs are usually related to rural development and economic regeneration. There is some evidence that shortening supply chains leads to increased local sales, employment and multiplier effects as well as being an important component of regional tourism product. Some studies suggest that farmer incomes are increased through local sales, whereas others suggest that local sales are not vital for income but are more important for marketing purposes. Clearly the relative importance of local sales or SFSCs will vary in relation to enterprise size and scale, as well as geographical location (e.g. proximity to urban markets or tourism destinations). It is worth noting that several studies observe that farmers and producers involved in LFS/SFSCs are not always 'profit minimisers' and may interpret success not in narrow economic terms, but in

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<sup>3</sup> For example, several new FP7 projects have commenced at the time of writing, which deal with LFS and SFSCs, including: SUPERBFOOD and FOODMETRES which emphasize SFSCs for urban and metropolitan regions. Also significant is the PUREFOOD training network (2010-14) for early career researchers in sustainable food chains. See also, new special issue on 'civic food networks' from the Intl Jnl of Sociology of Agriculture and Food (19)

terms of their social and environmental contribution. Regarding the environmental impacts, it is not possible from the review to generalise that SFSCs are universally better or worse for the environment than conventional food supply chains. This is because there are many different types of SFSCs and these use a variety of farming methods and logistical/transport arrangements.

Regarding consumer interest in LFS/SFSCs, there is strong evidence that certain consumers are keen to support them. The reasons for such support vary in the different countries, but there is evidence that consumers associate local produce with higher quality standards, and want to support them for environmental and ethical (fair trade or support to local economy) reasons even though their understanding of what constitutes a 'local' product may be unclear. The high level of interest expressed by consumers is not always translated into purchase behaviour and research suggests that one of the main reasons for this is that consumers either do not know where to buy local foods or have restricted physical or financial access to them. In terms of labelling of local foods, given the lack of clarity regarding what a local food product actually is, there is clearly potential for consumers to be misled by labels, particularly in the hospitality industry where vague indications that menus use 'locally sourced' products can sometimes be found. On the other hand, the research we have reviewed so far does not provide clear evidence that consumers trust or even read labels – instead the research indicates that it is the nature of the relationship between the producer and consumer which is more vital in assuring trust and confidence in the quality of the product.

The institutional support made available for LFS/SFSCs varies across countries and regions. The general conclusion from the available research into this aspect suggests that there are many institutional tools currently available at EU and national level which could assist SMEs and micro enterprises, but these are not applied consistently across the territories of the EU. Some of the institutional tools available need further modification in order to reduce administrative and financial burdens on the enterprises involved in LFS/SFSCs. There are a number of examples of successful institutional initiatives (e.g. those described in ENRD (2012)) which can be further examined to explore their transferability across EU member states.

## 4 Characteristics of Short Food Supply Chains in the EU

### 4.1 Introduction

The aim of this chapter is to present an analytical review of the contents of an illustrative / representative database of cases of short food supply chains throughout the EU. We have approached the analysis in three steps: first, we describe the methodology followed to build the database; second, we give an overview of the headline data in relation to all 84 schemes in the database and some preliminary results per type of SFSC; third, we structure the analysis into 3 large ‘meta-regions’ as a means of further breaking it down. Whilst this is rather a crude analysis, the three regions reflect broadly recognized differences in terms of agricultural structures and development, food cultures and SFSC structures (although we acknowledge that there is great diversity within regions).

#### 4.1.1 Structure of the database

Our intention was to locate as many types of SFSC as possible across the EU. The SFSC database created as part of this research is not, and is unlikely ever to be exhaustive; neither is it statistically representative of the numbers or geographic distribution of SFSCs across the EU; rather it is a representative illustration of as many types of schemes as possible in the time permitted and with the resource provided. We do not doubt that there are significantly more individual SFSC schemes operating across the EU than we have been able to identify. Having said this, we do consider the breadth of types of schemes identified in the database to be comprehensive.

The database that was purpose-built for this project consists of 7 forms to make up one complete entry:

- Overview
- Organisational information
- Production details
- Consumption details
- Contact details
- Justification
- Classification

Each form consists of a mixture of tick boxes and open fields to allow for detail to be added. It is important to note that not all fields were completed for each entry; however mandatory fields were identified in order that at least some comparable data was held on all schemes. Table 8 summarises the purpose for which indicators were included in the different forms.

**Table 8: Four key impacts<sup>4</sup> and 11 indicators that make up the comparative analysis**

<b>Impacts</b>	<b>Indicators</b>
➤ <b>Farm level economic impact</b>	Turnover, profit, financial support
➤ <b>Regional economic impact</b>	Number of employees; number of producers involved; geographic scale including hectares farmed; where produce is sold
➤ <b>Consumer awareness</b>	Number of customers
➤ <b>Other aspects</b>	Certification; production methods; aims of the scheme (e.g. preserve heritage varieties)

The intention was that these key impacts and indicators allow to a better understanding of the organisational, economic and social aspects of the various types of SFSCs identified as a result of this research.

The process of identifying schemes initially drew heavily upon the literature discussed in Section 3.

In addition, a focused internet search was carried out in order to identify further SFSCs that were eligible to be added to the database. This review of online resources involved consulting various sources: trade directories; food awards; tourism publications; snowballing from cases already in the database; industry or regional membership groups; and reviewing other works by academic researchers known to be working in this field. It should be stressed that no direct contact was made with individual schemes; all information gathered was drawn from sources available in the public domain.

#### **4.1.2 Populating the database**

##### ***i Scheme eligibility for inclusion in the SFSC database***

Given the many resources used to identify SFSCs and the fact that the entire research team was simultaneously searching for schemes, it was necessary to ensure a common working definition of SFSCs. As noted in Section 3, agreeing a definition of SFSCs is not entirely straightforward. For the purpose of the database entries, the majority<sup>5</sup> fit the following working definition:

**"The foods involved are identified by, and traceable to a farmer. The number of intermediaries between farmer and consumer should be 'minimal' or ideally nil."**

The further sub-classification of the schemes in Table 4 was also imposed on the entries.

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<sup>4</sup> For the purpose of this study by 'impact' it is meant 'the effects that the database examples are trying to achieve' (Cf. section 4.3, *infra*).

<sup>5</sup> A small number of exceptions may be found in regional labelling or public procurement schemes where we were unable to determine if a specific named farmer could be identified by the end consumer. However, even in these cases, production is clearly traceable to a specific location and group of farmers.

## ii *Refining the database and records*

Upon review it became apparent that some schemes had the bare minimum of information available in the database (i.e. completion of the mandatory fields only). Subsequently, a process of filling in gaps in information in the database commenced, especially in relation to the fields that were to be used as part of the comparative analysis (i.e. financial turnover, number of employees, sources of external funding etc). In some cases, where data proved to be so minimal as to rule the scheme out of comparative analysis, the example SFSC was rejected from the database. Similarly, where there were multiple examples of a single type of SFSC from the same country, the ones with the most complete records (i.e. most fields completed) were kept and the duplicates discarded. Furthermore, as it was important that the database contained as complete records as possible, our focus was on quality listings and not quantity. The exception to this rule was in the case of schemes involving public procurement arrangements; as so few of these had been identified we retained these examples even where information was limited. At the point that the database review was conducted there were 106 schemes in the database; the review reduced this to 84 schemes.

Much of the farm level economic data was unavailable from information about schemes in the public domain. We consider this to be due to the fact that this information may be commercially sensitive and unnecessary in terms of being used for marketing purposes via scheme websites. Information in relation to aspects of regional economic impact was more readily available, however this has not been the case across all schemes in the database (see Table 9). Data availability in terms of consumer awareness has been mixed and the degree to which schemes promote other aspects of their schemes, i.e. production methods and aims of the scheme varies. It must be stressed that what we mean by ‘data availability’ here is the data available to us using primarily online search methods. A more extended research project would no doubt yield more data and what we present here is very much a ‘snapshot’.

**Table 9: Data availability in relation to comparative assessment indicators across the database and across regions<sup>6</sup>**

Indicator	Whole database (84)	Northern region countries (45)	Southern region countries (26)	New Member States (13)
<b>Farm level economic impact</b>				
Turnover	10	4	2	4
Profit <sup>7</sup>	7	4	1	2
Financial Support	28	23	3	2
<b>Regional economic impact</b>				

<sup>6</sup> The distribution of the European countries considered in the 3 regions (Northern region, Southern region, and New Member States region) is described in Section 4.5. *infra*.

<sup>7</sup> Where a scheme is ‘not for profit’ this is recorded as ‘data available’



Number of employees	21	15	2	4
Number of producers involved	51	28	16	7
Geographic scale including information on number of hectares farmed and/or number of farms involved	41	20	15	6
Where produce is sold*	84	45	26	13
<b>Consumer awareness</b>				
Number of consumers	23	15	6	2
<b>Other aspects</b>				
Certification	35	17	15	3
Production methods*	67	36	22	9
Aims of the scheme	63	37	17	9

### *iii Limitations*

*\* Reliance on the Internet to identify SFSCs*

SFSCs by their nature are often small-scale, local solutions to specific producer-consumer contexts and as such, visibility to the mass market is not necessarily their main consideration. Consequently, many schemes can operate without really having a presence beyond their immediate locale thereby making it very difficult for researchers working remotely to access information. Our previous work, identifying SFSCs in the UK (Kneafsey *et al.*, 2008), showed that very few schemes had their own websites to assist with marketing and promotion. Instead, schemes tended to be found via listings in directories. This work also indicated that many schemes were very small, typically involving family members or only one or two additional volunteers making it difficult to access data or request further correspondence. Clearly, the internet is an important tool in accessing information, especially where schemes are geographically distant from where the study is being undertaken. However, the lack of electronic presence on the part of many schemes should not be underestimated, and as such, any SFSC database constructed using the Internet will invariably miss examples.

*\* Accuracy of information and data:*

Every effort has been made to check the validity and accuracy of information contained within the database. However, herein lies the complexity; we have been reliant upon information available in the public domain, often written as promotional material and we have been unable to verify its accuracy or indeed tell whether the information is recent or still valid. Attempts have been made to triangulate information, i.e. obtain from several sources, but this has not been possible for each scheme. Furthermore, some resources used have been written by commentators on the schemes and not it would seem by people directly engaged with the running of the scheme, for example, where articles have been written about schemes for trade press.

*\* Myriad of terminology and language barriers:*

The search for eligible SFSCs across Europe is not in itself an easy task given the various languages used across the region and also the different agricultural and consumer contexts within each country. Where possible we have attempted to translate websites using online tools as well as using the services of native speakers. However, it cannot be denied that the words used for schemes and terminology in relation to SFSC are, at best, used interchangeably across Europe and, at worst, misunderstood or poorly translated when attempting to apply terminology in foreign languages.

## **4 . 2    Overview of the Database**

This section of the report presents some overarching headline data in relation to all 84 cases contained within the SFSC database created for this research. We begin by providing an overview of the location and characteristics of the SFSCs in the database, before going on to provide a review of the farm level and regional level economic impacts, consumer awareness and ‘other’ impacts.

#### ***4.2.1 Distribution and Characteristics of SFSCs in the Database***

Table 10 below, shows that all the EU countries are represented in the database, although in some instances, there is only one scheme per country. This is particularly true of the New Member States, which is not to suggest that SFSCs are less numerous in these countries. Rather this reflects difficulties in accessing information from these countries within the time period of the research. Countries in the Northern Region are particularly well represented in the database, due partly to easy availability of online data, but also the language skills of the research team.

**Table 10: Number of schemes per country included in the database**

<b>EU Country</b>	<b>No of schemes</b>
Austria	2
Belgium	8
Bulgaria	1
Cyprus	3
Czech Republic	1
Denmark	1
Estonia	2
Finland	4
France	9
Germany	6
Greece	2
Hungary	1
Ireland	6
Italy	7
Latvia	1
Lithuania	1
Luxembourg	3
Malta	2
Netherlands	1

Poland	1
Portugal	2
Romania	2
Slovakia	1
Slovenia	2
Spain	2
Sweden	1
Switzerland <sup>8</sup>	1
UK	12
Total	84

Regarding the actual location of the SFSCs, a very crude assessment was made via the use of the Google Earth maps. We looked at the locations of the scheme as entered by researchers into the address field of the database. This may not always represent the exact location of the farms or production site, but is the main contact/location point of each scheme as collected via internet sources. The schemes were divided into three categories; rural, semi-rural and urban.

These three categories are defined by;

- rural – in a rural area where no town or village was seen nearby;
- semi-rural – where the location appeared to be rural but a town was clearly visible nearby;
- urban – the scheme was within the boundaries of an urbanised area, e.g. a town.

To summarise: 17/67 schemes were identified as being rural, 13/67 as semi-rural and 37/67 as urban. Whilst this might suggest that more schemes are urban, given that age data is missing for some schemes, the rural and semi-rural categories could be under-represented.

#### \* Sub-Categories of SFSCs in the Database

The sub-classification in Table 4 has been used to categorize entries in the database. Table 12 below presents the different categories of SFSC recorded in the database. There are more examples of ‘sales in proximity’ than ‘sales at a distance’. It is reasonable to assume that this reflects a tendency for SFSCs to service local markets more often than distant ones. Within ‘sales in proximity,’ the ‘off farm – commercial sector’ is the most populated sub-category, with 43 entries. This sub-category includes examples where the producer travels off farm to

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<sup>8</sup> Although not part of the EU, an example Switzerland which was identified during the early stages of database construction has been retained in this analysis because agricultural production and types of schemes are comparable to the EU.

make sales (e.g. farmers' markets, food festivals) as well as examples of retailers who sell produce from local farmers (often through producer associations and co-operatives). The next largest category, with 36 entries is 'Farm direct deliveries'. In these cases, produce is delivered from a farm directly to consumers, either in their home or workplace or at a designated collection point. Direct deliveries are often organised via the internet. 'On farm sales', is populated with 30 schemes, and these examples require the consumer to travel to the site of production to purchase goods, whether this be at a farm shop or roadside stall, a pick-your-own facility, or farm based hospitality. The 'CSA' sub-category comprises 23 schemes. A CSA is where residents purchase shares of the harvest which is grown either by a local farmer with his/her own land, or by a grower employed by the CSA who works on land collectively owned or leased by the 'shareholders'. Members of the CSA also take turns to maintain and harvest the crops in return for their share of the produce. The lowest number of schemes (11) within the 'sales in proximity' category is classified as 'off farm sales – catering sector.' This sub-category captures sales to schools, hospitals, restaurants and other institutions where mass catering is provided. Our research suggests that such schemes are growing in popularity although finding useful published data about them is difficult.

**Table 11: No. of schemes by classification**

	Type of scheme	No. Of schemes
Sales in proximity	CSA	23
	On farm sales	30
	Farm direct deliveries	36
	Off farm – commercial sector	43
	Off farm – catering sector	11
Sales at a distance	Sales to customers beyond the immediate locality, either direct from the farm or through a maximum of one intermediary, where farm of origin is clearly communicated to end consumer	25

Some examples are provided below to illustrate how a scheme can be categorised. These are based primarily on information found online.

Sub-classification
<p><i>Community Supported Agriculture</i></p> <p>The Kinsale CSA (Ireland), established in 2009, is an example of a CSA. According to the kinsale Tourism website; '<i>Community Supported Agriculture is a step up from an allotment, and Kinsale has pioneered schemes to encourage a shared self sufficiency in basics like potatoes and oats. Residents team up with a farmer, and share the investment in a crop from beginning to end. Equally dividing the costs and the harvest. Plenty of prayers have been said for the half acre of heritage grade oats that is expected to yield enough 'ready to cook' roasted porridge oats to see 20 families through the winter, with</i></p>

<i>healthy food before school. And with good weather some of it may end up on a hotel breakfast menu downtown'</i>
<p><i>On Farm Sales</i></p> <p>Farm to Ossogne Vrancken (Havelange) is based in Belgium. Sales occur in the onsite farm shop which you can combine with a tour of the farm and learn about their growing principles. Farm sales can occur at the farm shop between Monday to Saturday (1pm-8pm) or Sunday (10am-12.30pm).</p>
<p><i>Off Farm Sales – commercial sector</i></p> <p>Eat&amp;Joy, Finland is a scheme which operates a farm shop in the town and attends several farmers markets. The farmers market originally started on a trial basis, but became successful and now they have several farmers markets that they attend/run. The store 'Eat&amp;Joy' in the local town has been recently opened and sells the farmers' produce. The farmers' identity is known through their presence at the market and by a labelling system in the local store.</p>
<p><i>Off Farm Sales – catering sector</i></p> <p>The scheme Regionalmarke Eifel in Germany is one of the larger schemes which have various routes to markets for its produce. One in particular is that of selling producers' good straight to gastronomy businesses and holiday homes where the farmer is identified on the packaging through a label.</p>
<p><i>Farm Direct Deliveries</i></p> <p>Viva Sol, Lithuania operates a box scheme which currently has 40 customers. They were inspired from other CSAs and from the French AMAPs. They offer a veg box from one farmer in the Viva Sol scheme that is delivered directly to the consumers; the consumers meet the farmers in the local town and purchase their box.</p>
<p><i>Farm Direct Deliveries (sales at a distance)</i></p> <p>Fructop Slovakia is an example of a farm direct delivery scheme which operates online. Fruit is grown by the company and the farmers are identifiable through the website and on the packaging.</p>

#### **4.2.2 Longevity of SFSCs in the Database**

Sixty seven of the schemes in the database supplied an indication of the length of operation of their enterprise. As a general rule, we took the fact that they had an internet presence as signifying that they were still operational. Using this data the schemes were categorised by their longevity in Table 12. This table shows that a little over half of the cases were less than 10 years old, with some recent cases (five schemes in the database have been operating for less than a year; 6 schemes began operating in the previous 1-2 years, and 12 schemes within the last 4 years). It is interesting to note that the largest proportion of cases in the database which provide a date is more than 5 years old (44 of the schemes). Several were established in the 1970s (e.g. Bioagriturismo La Porta dei Parchi, Italy; and Rent-a-vine, Sedlescombe Organic Vineyard, UK), 1980s (e.g. Asprocarne Piemonte, Italy; Farm Arc-en-Ciel Belgium; Einkaufen auf dem Bauernhof, Germany) and in 1990 (Farm to Ossogne Vrancken, Belgium; Targul Taranului Bucharest Earth Market, Romania). The oldest example we have identified is the Agricultural Cooperative of Krista (Greece), which confirms on its website that it was started in 1927.

**Table 12: Number of schemes by age by length of operation**

Length of operation / scheme age	No. Of schemes
Less than 1 year (began from 2011)	5
1-2 years ( 2009- 2010)	6
3-4 years (2006-2008)	12
5+ years (2001-2005)	14
10 + years (2000 and before)	30
Unknown	17
<b>Total</b>	<b>84</b>

Regarding the older schemes, these were reviewed to identify any common features. Obviously with such a small sample it is not possible to generalize, but it can be noted that most of the examples are some form of co-operative venture involving relatively larger numbers of producers. It is also interesting to note that the largest number of pre-2000 schemes is identified in the 'urban' category as shown in Table 13 below: also, the proportion of recent schemes is much higher for the 'urban' category for the 'rural' and 'semi-rural': 16 'urban' schemes have started after 2006 (45% of the 'urban' schemes) and 7 'rural' or 'semi-rural' ones (23% of the rural and semi-rural schemes), which may suggest that SFSCs are increasingly developing recently, around cities.

**Table 13: Location of schemes according to age**

Year	Rural	Semi	Urban
Less than 1 year (since 2011)	1	0	4
2009-10	1	2	3
2006-08	2	1	9
2001-05	5	1	8
Before 2000	8	9	13
<b>Total</b>	<b>17</b>	<b>13</b>	<b>37</b>

Factors contributing to the survival of these examples would be a useful topic of further research.

#### **4.2.3 Produce marketed through SFSCs in the database**

SFSCs offer many types of produce as shown in Table 14. The most popular categories are fruit (46) and vegetables (57), closely followed by animal products (meat/fish (44) and dairy produce (45)) and beverages (34 cases).

Many SFSCs are not specialised in one type of product. There are examples in the UK (Church Farm Ardeley and StroudCo Food Hubs), Germany (Regionalkampagne Original Regional and Die Regionalen GmbH) and Belgium (Voedselteams and Het Open Veld)

where there is diverse produce available. In particular, many SFSCs focused on fruit and vegetables do offer other products. However, there are also examples of specialisation and reliance upon one produce type, e.g. Walserstolz in Austria sells cheese and the Oxford Bread Group (UK) just sells bread and flour.

In some instances the schemes use produce from other sources to supplement their own in times of low produce, for example when the harvest declines over the winter/spring period in Northern countries. It appears this is to keep the consumer satisfied who may be put off with a lower than normal amount of produce – particularly fruit and vegetables boxes. Community Chew Magna, Stroudco Food Hub and Dragon Orchard Crop Sharers (UK), Bio Direct Ag (Switzerland) and Mykorrihza (Sweden) all use this approach. Other schemes, such as Canalside Community Food (UK) do not buy in the produce to supplement their veg box scheme and therefore follow their local growing season. This is noted on their website.

Many of the schemes that do buy in extra produce, generally restrict where they buy it from, e.g. Projeto Ahismo (Portugal) and Regional Kampagne Original (Germany) produce goods themselves and will only purchase additional products locally (within 150 km). This produce may involve meat/animal products and also fruit and vegetables. However, some SFSCs are less restricted and will buy in products from far away. Naturata (Luxembourg) and Aarstiderne (Denmark) buy in products from around the world to sell on. In the Naturata example this can be food or non-food goods such as toiletries. Some schemes may buy in just one type of produce, e.g. Het Open Veld (Belgium) sell cherries which are not part of the CSA in addition to over 70 varieties of fruit, vegetables and herbs that they currently do produce; Le Panier de l'Aneth (France) sell fish from the local fish farm.

**Table 14: No. of schemes selling by type of produce**

<b>Type of goods produced/reared</b>	<b>No. of schemes</b>
<b>Fruit</b>	46
<b>Vegetables</b>	57
<b>Cereals</b>	26
<b>Vegetable oils</b>	27
<b>Meat products/fish</b>	44
<b>Dairy products</b>	45
<b>Sugar</b>	10
<b>Beverages</b>	34








#### **4.2.4 Use of Labels and Logos**




In this section, we discuss the use by SFSCs in the database of a specific graphic / semi-figurative identification ('logo') or a combination of text and images (or only text) (a 'label'). It is clear that there are schemes with labels or logos in operation in EU SFSCs, but information is patchy. Table 15 below shows the labels and logos used by some of the oldest schemes, supplemented by an illustrative selection of other examples. Whilst this area would require further research, it seems that labels / logos are most likely to be used by larger regional branding initiatives such as Achentaler farmers' market in Grassau, (Germany, 2002) which exhibits a logo to show produce is from the area with the aim of strengthening the regional marketing of the local products. Regionalkampagne Original Regional (Germany, 1997) is a regional marketing association, their goal is to preserve farms and strengthen regional marketing. This stands to reason, as these schemes are more likely to attempt to reach spatially extended markets in which logos or labels can be used as an indicator of quality and origin. Logos and labels are clearly less frequent for SFSC which have a very localised consumer base and in which face to face sales are predominant.



Examples of SFSCs using their own label include Riverland Dairy Biofarm (Cyprus), Farmarske trhy na kulataku (Czech Republic), AMAPopote (France) Mangio Carne Bio and Asprocarne Piemonte (Italy). These schemes have their details on a specific label as reported online. It mainly includes a farmer's name and location. Mlekomat – milk o matic (Slovenia) – have milk dispensers located in several towns and villages in Slovenia. Each individual machine is linked to a farm and the details of that farm/farmer are on the machine and contactable. The farmers themselves also take and deliver their milk to the machine.


**Table 15 – Details on several SFSC including their specific label / logo**



	Scheme name	Year est.	Own classification	Sub classification	Producers	Coverage	Production methods	Produce type	Aim	Label or logo	figure	Notes
1	AMAP Farm arc-en-Ciel, Belgium	1987	Permaculture	Farm direct deliveries	Not known	Local	Organic	Wide range of vegetables	Unknown	none		
2	Einkaufen auf dem Bauernhof, Germany	1989	Marketing association	On farm sales, farm direct deliveries and sales at a distance	<4000	Local, regional, national and European	Organic, non organic and biodynamic	Full selection	Membership in logo, marketing, certification of logo	logo	 Einkauf auf dem Bauernhof	
3	Agricultural Co-operative of Krista, Greece	1927	Agricultural co-op	Sales at a distance	900	National, European and international	Non organic	Oil	unknown	logo	 	logo of the co-operative

4	Dublin food co-op, Ireland	1983	Food co-op	off farm – commercial sector	Oct-26	Local	Unknown	Huge range	to provide wholesome, nutritious food and ecologically acceptable products and services to members	Logo		the producers on their website and you can meet them at the farmers market
5	Lamb Direct, Ireland	c.1990	Co-op	farm direct deliveries and off farm commercial sector	8	Local	Unknown	Just meat	Bring farmers together to market lamb, share ideas, and develop and improve farming practices. Vision to take produce directly to consumer.	label	individual farmer's name will appear on your box of lamb	
6	Bioagrituris mo La Porta dei Parchi, Italy	1977	Livestock production	sales at a distance	Not known	All	Organic	Meat and dairy	Unclear	Unknown	unknown	
7	Asprocarne, Italy	1985	Beef producers organisation	on farm sales, off-farm – commercial sector, and off farm – catering sector	900	Local, and regional]	Non-organic	Meat	to define, promote, market and promote the beef produced by the members	both		Label of farmer and a logo

8	Rent-a-vine, UK	1979	Local vineyard	farm direct, sales at a distance	Not known	Local, regional and national	Organic and biodynamic	Beverages only	You can help save 'Wine Miles' by buying locally produced wines made in Sussex.	label		
9	Achentaler farmers' market in Grassau, Germany	2002	Farmers market	on farm sales, farm direct deliveries, off farm sales – commercial sector and sales at a distance	Not known	Local, regional and national	Unknown, but cattle not treated with antibiotics	Fruit, veg, meat/fish. Dairy and beverages	to strengthen the regional marketing of the local products	logo		logo to show produce is from the area
10	Regionalkampagne Original Regional (Germany)	1997	Regional marketing association	on farm sales, farm direct, off farm – commercial sector, off farm – catering sector	Over 100	Local and regional	Non organic	Fruit, veg, cereals, veg oil, meat/fish, dairy, sugar beverages	To preserve these farms and strengthen economically regional marketing.	logo		

11	Regionalmarke Eifel” (Germany,	2004	none	on farm sales, farm direct deliveries, off farm – commercial sector, pff farm – catering sector	10,100	Local and regional	Non organic, organic and other - sustainable agriculture and environmentally friendly agriculture	Fruit, veg, cereal, veg oil, meat/fish, dairy, beverages, sugar	a regional brand the First regional brand in Germany	logo		
12	VG Verbrauchergemeinschaft (Germany,	1991	for environmentally friendly consumer products produced	csa, off farm – commercial sector	80	Local and regional	Organic and biodynamic	all		logo		logo -carry their own logo to confirm organic produce

13	Riverland Dairy Biofarm (Cyprus)	-	First scheme in Cyprus to breed, using organic feeds and practises, sheep and goats for producing certified organic milk based products.	off farm – commercial sector, sales at a distance	Not stated	Local regional, international	Organic	Vegetables and dairy	Producing clean nutritious traditional milk based food using organic farming principles,	label		
14	Farmarske trhy na kulataku (Czech Republic) a farmers market,	-	Farmers market	off farm sales – commercial sector	Not stated	Local	Non organic and organic	Fruit, veg, meat/fish and dairy		unknown	None	
15	AMAPopote (France,	2008	Basket delivery (organic, weekly)	CSA	2 producers	Local	Non organic and organic	Fruit, veg, cereal, and dairy	To maintain and promote local agriculture, environmentally sound, socially equitable and economically viable.	unknown		

16	Mangio Carne Bio , Italy	- 2004	Direct sell on site, home delivery, wholesale, retail(organic)	on farm sales, farm direct deliveries, off farm sales – commercial sector	Not stated	Local , regional and national	Organic	Fruit and veg	La filiera corta - a short supply	logo		
17	Mlekomat – milk o matic (Slovenia,–	-	Fresh milk straight from the farm	off farm sales – commercial sector	Not stated	Local, regional and national	unknown	Dairy products		label		Have milk dispensers located in several towns and villages in Slovenia (figure 2). Each individual machine is linked to a farm and the details of that farm/farmer are on the machine and contactable. The farmers themselves also take and deliver their milk to the machine. Fresh milk straight from the farm,

### **4.3 Evidence about the impact of SFSCs in the database**

We now focus on what the data reveals about the impact of the SFSCs we have identified. As a rule, it should be noted that it is generally difficult to find data on impact, because few studies establish a baseline from which impact (or change attributable to a particular scheme) can be identified. Therefore, it must be acknowledged that much of what we discuss here refers to the impact which the database examples are trying to achieve – and is not necessarily verified by studies. Throughout the text which follows we attempt to be clear about whether we refer to evidenced impacts, or aspirations of the SFSCs.

#### **4.3.1 *Farm level economic impact: turnover, profit***

We take turnover and profit as indicators of economic impact and report here on the limited information which is available. Overall it is difficult to summarise the findings as such data are not usually published on websites and accessing regular financial accounts was beyond the scope of this study. It is fair to say that the economic data should be treated with caution, as some were recorded up to 6 years ago and that the information is available only for a small number of cases (less than 10 for each indicator).

In terms of turnover, there are some SFSCs which declare important values. For example, the Aarstiderne scheme (Denmark) gives an indication of turnover via its share in the organic vegetable sector. The scheme (Aarstiderne) has a 2010 turnover of 261 million DKK (35 million €) representing close to 5% share of the Danish organic market turnover estimated to be 791 million € (Willer and Kilcher, 2012), a considerable size for just one scheme.

Others report turnover which would classify them as small enterprises (below 10 mio €): for the Regionalmarke Eifel scheme (Germany), there was reportedly a turnover of €1.3 million in 2006. In 2005 the Hungarian scheme (Morakert Cooperation) turned over 37,294 tonnes of produce and in the Latvian scheme (PKS Straupe) 25-30 t of milk is produced daily (10,950 t per year). The Agricultural Cooperative of Krista produces 450,000 tonnes of olives per annum.

Finally, there are many micro-enterprises: for example, available undated information for two English schemes, The Chew Magna Community Farm and Trevalon Organic Cooperative, indicate smaller annual turnovers of €900,000 and €265,000, respectively. In Lithuania, the scheme identified (Viva Sol) turned over €2000 per week in 2011 (purely for the cheese making stream), which equates to €104,000 per year.

Concerning profit, unfortunately, there is little data retrieved to give an indication, with the exception of two cases. The Danish box delivery scheme, Aarstiderne, reports that in 2010 a considerable profit (EBITDA) of €2.7 million was achieved. In comparison, in the UK, Trevalon Organic Cooperative, made a profit of €49,000 (19% of turnover). There are also examples of schemes which are not-for-profit, e.g. Chew Magna Community Farm (UK). The Hungarian scheme (Morakert Cooperation) has a total profit recorded in 2005 as 58,000 HUF (about €20,000). The Lithuanian scheme, Viva Sol, has a smaller profit of €2,500 per year. However as the scheme is non-for-profit, all profits were donated to a similar scheme based in Italy. Overall it is difficult to summarise the findings as the data is so variable.

#### **4.3.2 *Financial support***



There appear to be two main channels from which the funding arises. The first is, internally, from the support of scheme members who might, depending on the cases, pay an annual contribution or weekly fees. For example in Belgium, the Voedselteams scheme has members who subscribe for approximately €10 per year per family, Het Open Veld members pay an annual subscription due at the time of spring harvesting (amount not stated) and the Doederji members pay a weekly fee of approximately €9 per week. Equally, other schemes including, Aarstiderne (Denmark) Einkaufen auf dem Bauernhof (Germany) and Community Farm Chew Magna (UK) have similar schemes where members pay a fee to assist the running of the scheme. VG Verbrauchergemeinschaft (Germany) has members/consumers who subscribe which then pays to keep the stores running and the Dragon Orchard Crop Sharers pay c. €375 per year; half goes towards orchard produce and half to the 4 weekend visits per year. Each share gets eating apples, cooking apples, pears, single variety apple juice, table cider, homemade apple chutney and plum jam.

There are instances when members may donate-in-kind to a scheme, e.g. The Ring of Kerry Scheme (Ireland) members donated €250,000 and in the North Aston Dairy (UK) the scheme was started by ‘cow bonds’, where members of the local community invested in fixed term investments for 5 years at the return rate of 3% a year, this provided the funding to purchase dairy cows. The Chew Magna Community Farm received over €200,000 from two share offerings and additionally has investor members and annual renewable membership (approx €38).

External funding is the second source for SFSCs, from European funds (Rural Development) or national / regional sources. For the Lekker Utrechts scheme (Netherlands), there is a suggestion that this scheme has European Union LEADER funding, but no financial details are given on their website. In the UK there are several examples of external funding which have arisen from; grant funding for Trevalon Organic Cooperative (approx. €370,000 from grant funding, although specific funder unidentified and €110,000 of Lottery funding. Stroudco Food Hub, Thornton Fresh Food Coop and Cumbria Local Food Direct (all UK schemes) received monies (amount is unconfirmed) from the National Lottery and Local Food Fund, and the Oxford Bread Group (UK) received funds from the LEADER program (€33,000). The Oxford Bread Group (UK) also has a landholding sponsored by a local café. The Vodeslteams (Belgium) have received grants from the Ministry of Culture, although the amounts are unknown and the Thornton Fresh Food Coop (UK) has received unknown support from the Goodwin Development Trust, Local Food Grant. The Riverland Dairy Biofarm has received funds from the European Union, but the precise name and amount of the funding is not given. In the New Member States, both the Morakert Cooperation Scheme (Hungary) can receive financial support of HUF 150 million from the European Union budget, since it meets requirements for the fruit and vegetable sector. The Lithuania (Viva Sol) scheme received € 10,000 from various sources and paying members.

### ***4.3.3 Regional level economic impact***

#### ***i Number of employees***

Establishing the number of employees is complex, as many schemes use a mixture of full-time and part-time employees, volunteers, family labour and members. For the purpose of this section of the report, we have restricted our analysis to the schemes which provided information on the number of employees, as shown in Table 16. It can be seen that over half have 10 employees or less.

Of the larger schemes, Den Diepen Boomgaard (Belgium) has 20 employees and 12 trainees, and PKS Straupe (Latvia) has 70 dairy workers. There are also 4 schemes with over 101 employees; Aarstiderne (Denmark) with 110 employees, Trznica Farmers Market (Slovenia) with over 150 farmers as employees and Fructop (Slovakia) have approx 150 harvest employees. The largest employee numbers are found in the Belgium scheme, Het Open Veld, where 320 harvesters are employed. It is presumed that most of those reporting a large number of employees are concerned with seasonal harvesting, but no information could be found to confirm this.

**Table 16: Identification of the schemes and the numbers of employees**

Number of employees	Number of schemes
1-10	12
11-50	2
51-100	1
101+	4
Total number of schemes	19

**ii            *Number of producers***

Many more (51) schemes report the number of producers involved compared to previous indicators. These are shown in Table 17, which demonstrates a wide diversity of producer numbers. Most of the schemes involve a small number of producers (more than half of those in the database with less than 10 producers) and in many instances only 1 producer.

Some schemes are of intermediate importance concerning the number of producers (11-50 producers), for example Alter Conso (France) with 15 producers or Cumbria Local Food Direct (UK) with 45 producers. Again bigger numbers of producers (51-100) occur within Ta Qali Farmers Market, Malta where there are 50 producers, Cortijo Cornelio (Spain) has over 75 farmers and producers and Terroir Direct (France) has 80 producers.

There are however several rather large schemes which include the Eat\*Joy scheme (Finland) with 500 producers, the Agricultural Cooperative of Krista (Greece) and Asprocarne Piemonte (Italy) each with 900 producers. Furthermore, the Gutes vom Bauernhof scheme (Austria) has 1520 producers, Einkaufen auf dem Bauernhof (Germany) has more than 4000 producers and the Regionalmarke Eifel (Germany) has 10,100 full time producers. Clearly the number of producers involved in schemes differs widely and appears to be more a factor of the individual schemes than associated with any geographical patterns.

**Table 17: Number of Producers**

<b>Number of producers</b>	<b>Number of schemes</b>
<b>1-10</b>	29
<b>11-50</b>	6
<b>51-100</b>	6
<b>101+</b>	10
<b>Total Number of schemes</b>	51

*iii Geographic scale (incl ha)*

There is some fragmented data available on the total cumulated size of farms (ha) involved. Examples range from schemes of just 1 ha (for example: France, le Jardin les Joyaux d'Oaxaca, 1.2ha) to slightly bigger examples such the Morakert Cooperation (Hungary) at 7.5ha and in Community Chew Magna (UK) at 8.9ha (see Table 18). According to the database there are some middle-sized farms which include; one scheme in Cyprus (Erson Hodja organic Farm), UK (North Aston Dairy) and Ireland (Cloughjordan) all with 16.2ha and a larger UK scheme (Church farm Ardeley) with 70.8ha. The three largest farm enterprises identified were: Fructop with 250 ha (Slovakia), Bioagriturismo with 1100 ha (Italy), Aarstiderne (Denmark) with 1450 ha and Regionalmarke (Germany) at 245,000ha.

**Table 18: Overview of the schemes with information on the size of the farmed area**

<b>Scheme Name</b>	<b>Country</b>	<b>Hectares</b>
<b>Projeto-Ahimsa</b>	Portugal	0.6 ha
<b>Le Jardin les Joyaux d'Oaxaca</b>	France	1.2 ha
<b>Het Open Veld (The Open World)</b>	Belgium	2.3 ha
<b>Canalside</b>	UK	2.8 ha
<b>Red Earth Organics</b>	UK	2.8 ha
<b>Kinsale CSA</b>	Ireland	3.0 ha
<b>Doederij</b>	Belgium	5.1 ha
<b>AMAPopote</b>	France	7 ha
<b>Trevalon organic</b>	UK	7.3 ha

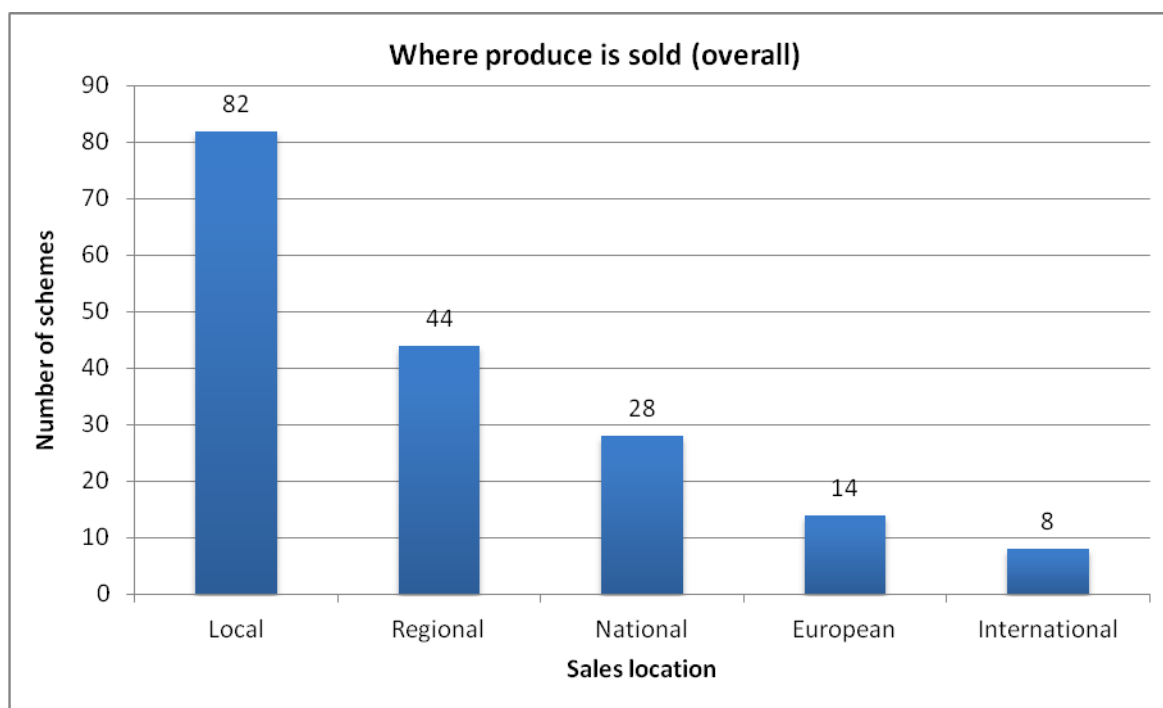
<b>Cooperative</b>		
<b>Morakert Cooperation</b>	Hungary	7.5ha
<b>Rob del Bosco Scuro</b>	Italy	8 ha
<b>Dragon Orchard Crop Sharers</b>	UK	8.9 ha (orchard)
<b>Community Chew magna Farm</b>	UK	8.9 ha
<b>AMAP Farm Arc-en-Ciel</b>	Belgium	10 ha
<b>Cloughjordan</b>	Ireland	16.2 ha
<b>Erson Hodja Organic Farm</b>	Cyprus	16.2 ha
<b>North Aston Dairy</b>	UK	16.2 ha
<b>Mangio Carne Bio</b>	Italy	20 ha
<b>Azienda Agricola Biologica Caramadre</b>	Italy	20 ha
<b>Mahetalu</b>	Estonia	22 ha
<b>Riverland Dairy Biofarm</b>	Cyprus	25 ha
<b>Cortijo Cornelio</b>	Spain	45 ha
<b>Church Farm Ardeley</b>	UK	70.8 ha
<b>Fructop</b>	Slovakia	250 ha
<b>Bioagriturismo La Porta dei Parchi</b>	Italy	1100 ha
<b>Aarstiderne</b>	Denmark	1450 ha
<b>Regionalmarke Eifel</b>	Germany	245,000 ha
<b>Number of schemes</b>	<b>27</b>	

#### *iv            Where produce is sold*

Nearly all of the schemes represented in the database make local (82) and regional sales (45). The few schemes that do not have local sales include 2 in Greece (Citrus Organicus, Agricultural Cooperative of Krista ) and 1 in Italy (Bioagriturismo La Porta dei Parchi). Both the Agricultural Cooperative of Krista and Bioagriturismo La Porta dei Parchi concentrate on online sales. National, European and international sales are less frequent with 28, 14 and 8

schemes, respectively. The schemes recorded as having sales within these three categories (national, European and international) are in different countries and include; Austria (Walserstolz), Italy (Casa del Sole), Spain (Torre Real) and Romania (Targul Taranului Bucharest Earth Market). Amongst the examples that export beyond their national borders, there is variety in both size and scope of activity. In some instances, this may occur in the smaller SFSCs such as the Riverland Dairy Biofarm (Cyprus) which is a one-farm scheme, but has sales of yogurt on the Greek export market, in addition to its localised sales of dairy and crops within local food markets and stores. Many of the schemes which operate at the international level have contacts with wholesalers and have online sales, e.g. Die Regionalen GmbH (Germany), Torre Real (Spain), Ring of Kerry (Ireland), Rent a Vine, Seddlescombe Organic Vineyard (UK) and Fructop (Slovakia). Some of the schemes that have sales at a distance are those that have been established some time, for example; Agricultural Cooperative of Krista (Greece) opened in 1927, Bioagriturismo La Porta dei Parchi (Italy) in 1977 and Rent-a-Vine (UK) in 1979, but there are also examples of schemes which are relatively new but still have sales at a distance, e.g. Bio direct AG (Switzerland) opened in 2005, Boucherie Kirsch (Luxembourg) which opened in 2007 and in 2009 the Ring of Kerry (Ireland), a fairly large scheme involving over 30 farms. Interestingly, there are schemes with sales at a distance that sell just one product, e.g. the Walserstolz scheme (Austria) with just cheese and the Ring of Kerry (Ireland) with sales of lamb. In contrast, other schemes are offering many diverse products, e.g. Die Regionalen GmbH (Germany), Morakert (Hungary), Cortijo Cornelio (Spain).

**Figure 3: Scheme coverage**



#### **4.4 Other aspects**

##### **4.4.1 Consumer awareness: number of consumers**

We attempted to find data on the number of consumers as an indicator of consumer awareness but this proved difficult to ascertain. Although some schemes do provide details about their

customers it generally comes in different forms - some refer to families and households whereas others refer to individuals. From the data, there are 23 schemes with data relating to the number of consumers and it shows a wide variation. For example, a scheme in France (AMAP Juanchec) reportedly has just 12 households. At the household level, Cloughjordan (Ireland) serves 65 households, Canalside Community Food (UK) has over 110 households and AMAP des Perce-Neige (France) has 150 households. Customer numbers may also be defined as ‘families.’ Le Panier de L'aneth (France) serves over 100 families and AMAP'ile Verde (France) over 50 families, compared to the North Aston Dairy (UK) with over 250 local families. There are two particular schemes that appear to have a larger customer base with 5400 members buying from VG Verbrauchergemeinschaft in Germany and 30,000 customers supporting Aarstiderne in Denmark. The latter is a box delivery scheme.

Table 19 shows that we can identify 23 schemes which have information of the actual number of ‘customers’. We can clearly see that there is large variation in numbers. Schemes in Finland, Belgium and Germany show similar numbers of customers; however the Danish scheme, Aarstiderne is considerably larger.

**Table 19: Overview of actual customer numbers**

Scheme Name	country	Number of customers
Den Diepen Boomgaard	Belgium	1000 customers served
Voedselteams (Food teams)	Belgium	120 food teams
Het Open Veld (The Open World)	Belgium	140 customers
Doederij	Belgium	50-200 customers
Aarstiderne	Denmark	30,000 customers
Herttoniemi Organic Food Collective	Finland	115 customers
AMAPopote	France	98 Members with contacts
AMAP Perce of Snow	France	150 homes
AMAP Juanchec	France	12 families approx.
Le Panier de L'aneth	France	over 100 families
AMAP'ile Verde	France	over 50 families
Alter Conso	France	50 or so Parisian families, organised into 14 groups
VG Verbrauchergemeinschaft	Germany	5400 members in Coop and more customers they have a two price policy = lower for members
“Regionalmarke Eifel” (regional brand – Eifel) Germany	Germany	165 customers
Cloughjordan	Ireland	65 households
PKS Straupe	Latvia	200 dairy customers
Viva Sol	Lithuania	40 customers
Dragon Orchard Crop Sharers	UK	40 shares; 120-125 people
Community Farm, Chew Magna	UK	240 customers

Canalside	UK	Over 110 households
Trevalon Organic Cooperative - note named change due to new co-op status	UK	80 boxes per week
North Aston Dairy	UK	250 local families
Church Farm Ardeley	UK	120 members - 30-50 boxes per week in London

#### 4.4.2 Certification and Production Methods

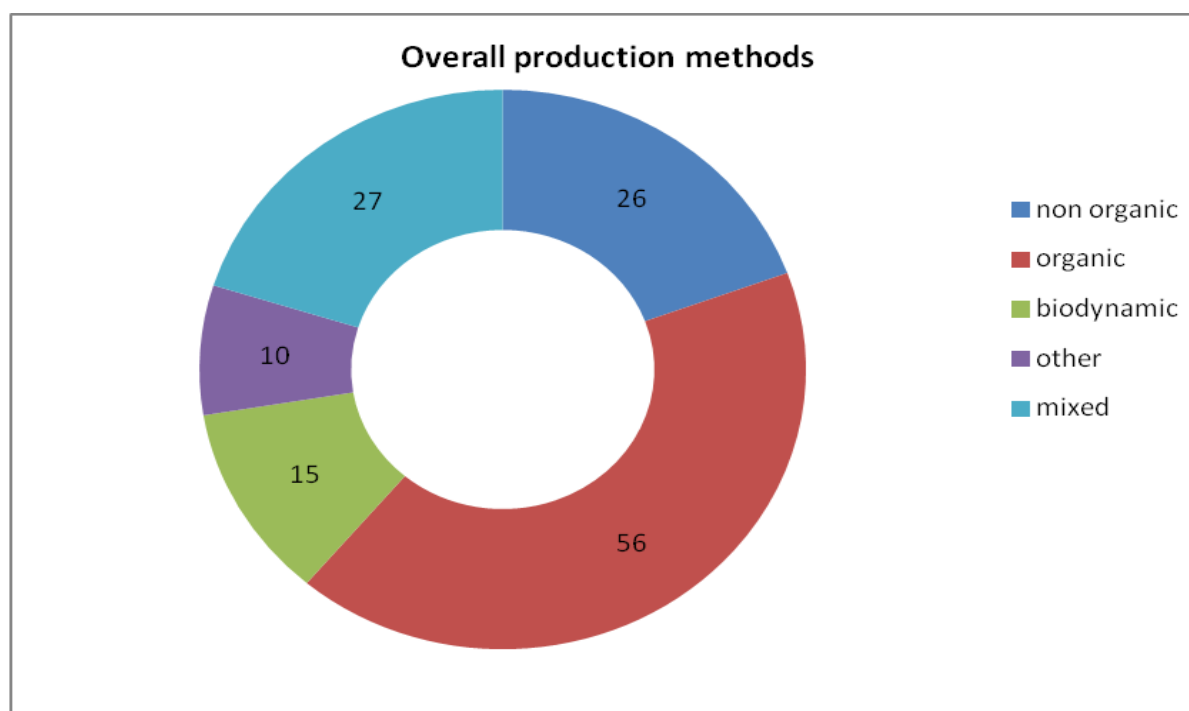
There are 33 schemes in the database that state that they have some form of certification (plus 2 are confirmed as not being certified) but the amount of detail provided about certification varies.

The most frequent certification is from national/regional organic production certification bodies and/or programmes such as the UK Soil Association, the Istituto Mediterraneo di Certificazione in Italy, Bio Austria, Blik in Belgium or CAAE in Andalusia (Spain). Many SFSCs recorded follow organic production methods and are certified for this purpose.

There are also several other in-country quality certification schemes such as; Bord Bia Quality Assured (The Ring Of Kerry Quality Lamb Group, Ireland). There is also 1 Irish scheme classified as a PGI since 2007, The Connemara Hill Lamb group. Other schemes appear to be uncertified.

As shown in Figure 4, over half (56) of schemes state that they use organic production methods (although not necessarily certified). There are also several examples of biodynamic practices in 15 of the schemes and other alternatives such as ‘sustainable agriculture’ or ‘agroecological systems’ in 10 schemes. Twenty seven of the schemes have mixed production methods which could include, biodynamic and organic or organic and non-organic.

**Figure 4: Number of scheme by production method**



### 4.4.3 Aims of schemes

Our search generated a wealth of information on the aims of the schemes, as many use their websites to promote their aims and philosophy to potential consumers or members. In this section we present the results of a rapid content analysis of the business aims and ‘strap lines’ of the SFSCs in the database.

We have structured this analysis using the capital assets framework, which is described in Box 2. The summary of the analysis of 65 schemes is presented in Table 20 (which shows how key words have been selected as indicators of particular capital assets in our analysis) and Figure 5. Many of the SFSCs have ambitions which can be aligned to more than one of the five capital assets and so the totals will not necessarily match the number of schemes presented in the database. It should be noted that this is a rapid content analysis of business aims and ambitions drawing on the information presented on websites. It presents a snapshot of the ways in which these enterprises present themselves to their consumers and the world at large and as such provides a useful indicator of the motives driving SFSC formation. It should also be noted that many of the capital assets do overlap, particularly ‘human’ and ‘financial’ capital and in our analysis we have tried to identify the principal thrust of each SFSC by looking at their business straplines. It is also the case that many of the SFSCs we have identified are aiming to generate multiple capital assets through their activities. As mentioned above, the aims dealing with quality of food have been classified under the social assets.

The overview shows that by far the greatest number of cases (54) have a strong orientation towards generating social capital. Social capital is concerned with providing fresh tasty foods and also with ‘reconnecting’ consumers and producers. Content analysis shows that they want to provide ‘tasty’, ‘fresh’, ‘nutritious,’ ‘seasonal’ and high quality produce, direct from farms to consumers. Many of them locate their activities within the context of promoting ethical behaviour. For example, Citrus Organicus (Greece) markets ‘*Delicious Greek organic oranges and mandarins. Fresh from our family farm*<sup>9</sup>’ and the Dublin Food Coop (Ireland) aims to ‘*provide wholesome, nutritious food*<sup>10</sup>’.

The development of natural capital is also a strong element of schemes, with 28 of them specifying that they want to promote environmentally sound, sustainable and primarily small scale farming. AMAPopote (France) promotes ‘local agriculture, environmentally sound<sup>11</sup>’ and the Oxford Bread Group (UK) markets products ‘... *that can be grown in their local areas in an ecologically sustainable manner*<sup>12</sup>’ and Cortijo Cornelio (Spain) ‘... *in the most convenient energy-efficient way*<sup>13</sup>’.

Financial, human and physical capitals tend to be highlighted less extensively in the keywords analysis, although they are still important. Those with an emphasis on financial capital refer to their efforts to promote development which is economically viable and often emphasize regional or local branding. So for example, Achentaler Farmers’ market (Germany) aims to ‘*strengthen the regional marketing of the local products*<sup>14</sup>’. In terms of human capital, the key

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<sup>9</sup> <http://www.oleastro.com.cy>

<sup>10</sup> <http://www.dublinfood.coop/>

<sup>11</sup> <http://amapopote.fr/accueil>

<sup>12</sup> <http://www.oxfordbreadgroup.co.uk>

<sup>13</sup> <http://www.cornelio.es/>

<sup>14</sup> - <http://www.oekomodell.de/landwirtschaft/reg>



activities which are prioritized are knowledge exchange, developing and improve farming, providing support and advice. Finally, physical assets in terms of support for local suppliers were also featured. The Fundatia ADEPT scheme (Romania) aims to, ‘*implement a range of measures to create demand for products, and to boost local income from agriculture*<sup>15</sup>’,

**Figure 5: Number of scheme by Capital Assets Framework**

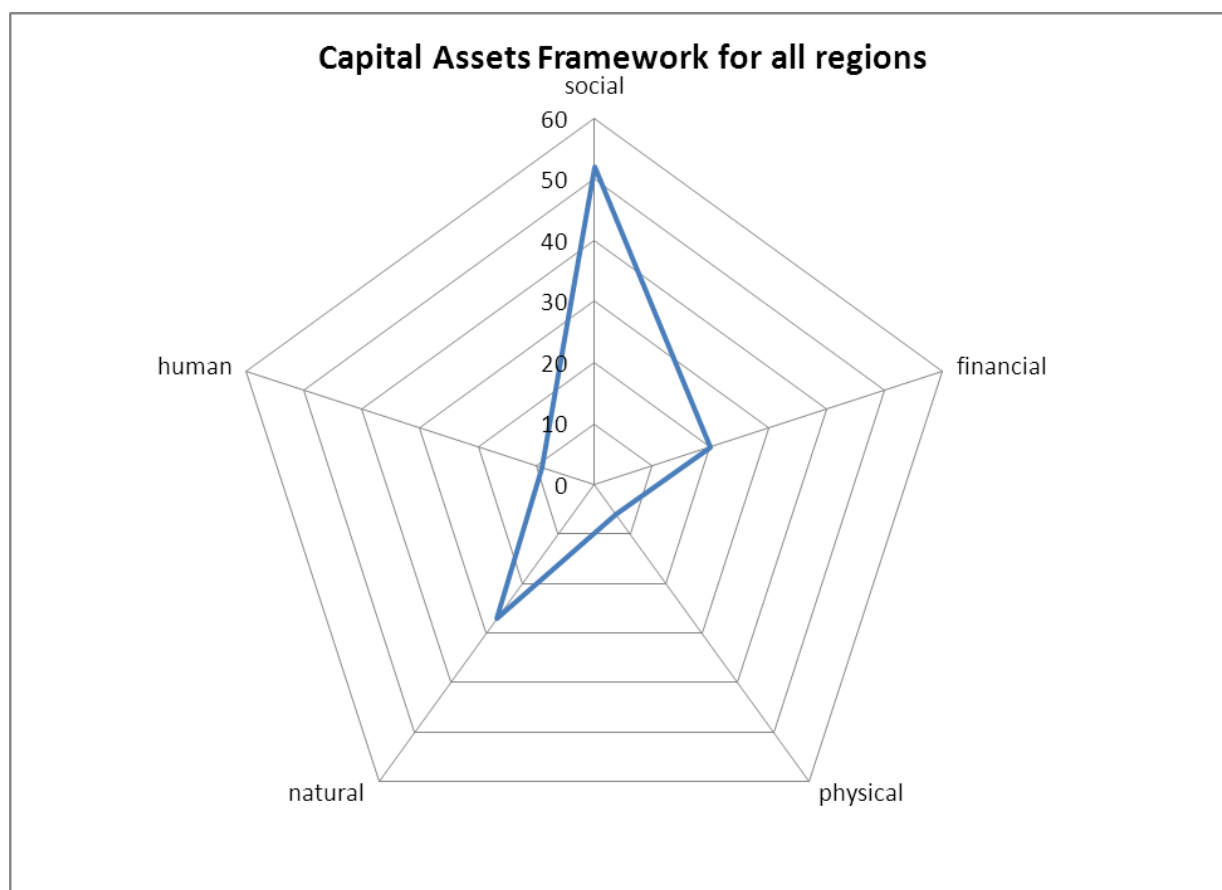


Table 20: Schemes by Capital Assets

Capital	No of schemes	Key words
Human	9	Knowledge exchange, develop and improve farming, support and advice, income
Financial	20	Economically viable, regional marketing/branding, promote produce, strengthen economically
Physical	6	Local suppliers, local competition, locally sourced

<sup>15</sup> <http://www.fundatia-adept.org>

<b>Social</b>	54	Fresh, delicious, high quality produce, social, taste, short supply chain, local food, ethical behaviour, nutritious, seasonal, social capital, direct to consumer, eating habits, purchasing behaviour, hospitality
<b>Natural</b>	28	Nature, environmentally sound, energy-efficient, , small scale farming, preserve, self-sufficient, sustainable development, ecologically sound

#### 4.5 Comparative Analysis - meta-region Analysis

The contents of the database has been analysed for three meta-regions<sup>16</sup> consisting of a ‘Northern’ region comprising 11 EU countries; a ‘Southern’ region comprising 7 EU countries and a ‘New Member States’ region which consisted of 10 countries. Each analysis follows the same structure, initially presenting and discussing the number and types of schemes (using the sub classification) for each country within the particular meta-region before then turning to the key impacts, presented under the following sub-headings; ‘regional economic impact’, ‘consumer awareness’, and ‘other aspects’.

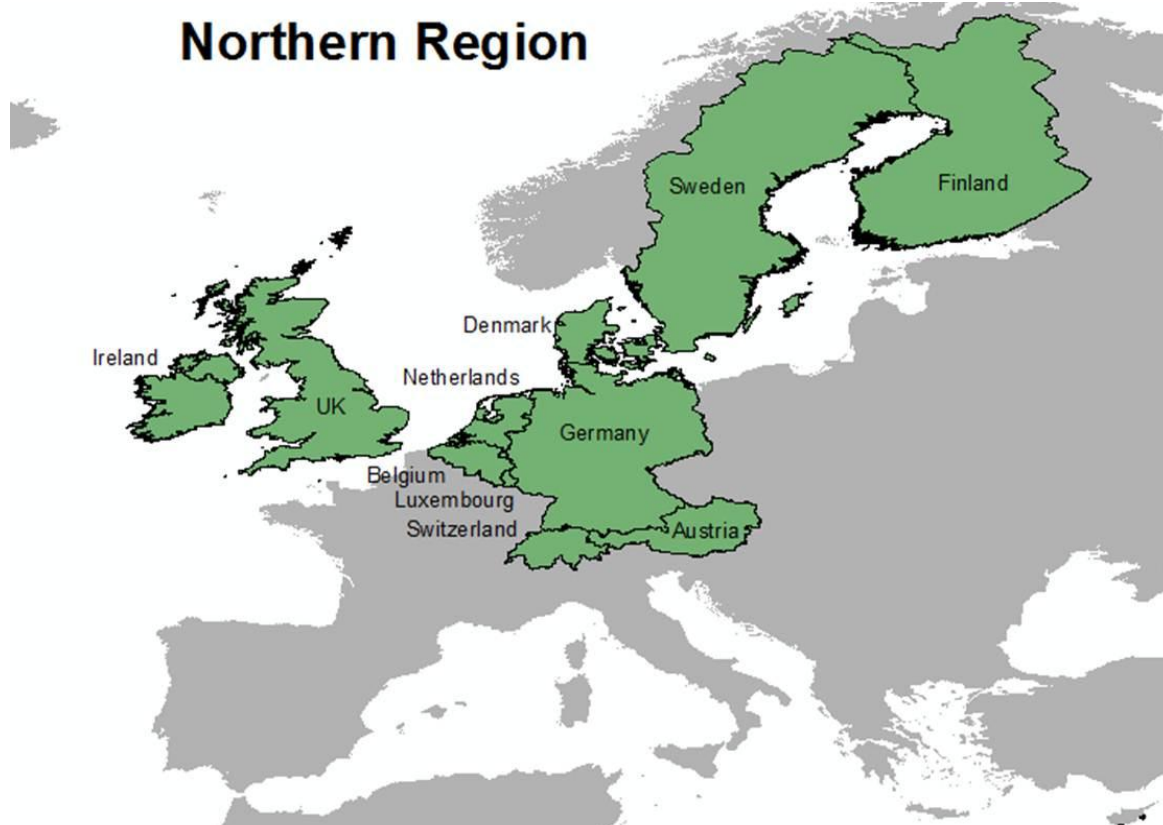
##### 4.5.1 Northern European analysis

For the purposes of this research the Northern region comprises 11 countries (Map 1) and 45 schemes, which were identified as being located and operational in these countries (Table 21). This is not the full representation of the region, but merely a snapshot that demonstrates different types of schemes that are operational within each specific country of the region. The UK (12), Belgium (8), Germany (6), and Ireland (6) are well represented in the database. From the three meta-regions selected, this is the one with the highest number of schemes identified.

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<sup>16</sup> A similar ‘clustering’ was used by Knickel *et al* in the COFAMI project, although they identified a fourth ‘Alpine region’

**Map 1. Northern region countries in the EU**



**Table 21: Number of schemes per country included in the Northern region**

Scheme name	Country	Number of schemes per country
Walserstolz	Austria	2
Gutes vom Bauernhof		
Farm Arc-en-Ciel	Belgium	8
Den Diepen Boomgaard		
Mmm-eetjesland		
Voedselteams		
Bergerie de Acremont		
Het Open Veld		
Farm to Ossogne Vrancken		
Doederij		
Aarstiderne	Denmark	1

Scheme name	Country	Number of schemes per country
Eat&Joy	Finland	4
Rapion Mylly		
Herttoniemi Organic Food Collective		
Heila		
Achentaler farmers' market	Germany	6
“Regionalmarke Eifel		
Die Regionalen GmbH		
Einkaufen-auf-dem-Bauernhof		
VG Verbrauchergemeinschaft		
Regionalkampagne Original Regional		
The Connemara Hill Lamb group	Ireland	6
The Ring Of Kerry Quality Lamb Group		
Lamb Direct		
Dublin Food Coop		
Kinsale CSA		
Cloughjordan		
Boucherie Kirsch	Luxembourg	3
Paul Mangen		
Naturata		
Lekker Utrechts / delicious Utrecht	Netherlands	1
Mykorrhiza	Sweden	1
Bio direct AG	Switzerland	1
Canalside Community Food	UK	12
Cumbria Local Food Direct		

Scheme name	Country	Number of schemes per country
Dragon Orchard Crop Sharers		
Stroudco Food Hub		
Trevalon Organic Cooperative		
Community Farm, Chew Magna		
Rent-a-vine, Sedlescombe Organic Vineyard		
Oxford Bread Group		
North Aston Dairy		
Church Farm Ardeley		
Thornton Fresh Food Coop		
Red Earth Organics		
Total count	11 countries	45

*i Sub-categories of SFSCs in the Northern region*

Table 22 illustrates the sub-categorisation of SFSCs in North Europe (one single SFSC can be counted under different sub-categories). There is a predominance of schemes operating ‘farm direct deliveries’ and ‘off farm sales in the commercial sector’, followed closely by ‘on farm sales’ and CSAs. There are more examples of ‘sales in proximity’ than ‘sales at a distance’. Compared to the global EU picture, CSAs (particularly in UK and Belgium) and farm direct deliveries are those sub-categories more represented in the Northern region than on average in the EU.

**Table 22: Number of schemes by sub-classification in the Northern region**

	Sales in proximity					Sales at a distance
Country	CSA	on farm sales	farm direct deliveries	off sales - farm commercial sector	off sales - farm catering sector	sales at a distance
Austria	0	1	1	2	2	1
Belgium	4	4	4	2	0	0

<b>Denmark</b>	1	1	1	0	0	1
<b>Finland</b>	1	1	2	3	0	2
<b>Germany</b>	1	4	4	5	3	3
<b>Ireland</b>	2	0	2	3	0	2
<b>Luxembourg</b>	0	0	1	2	0	1
<b>Netherlands</b>	0	1	1	1	1	0
<b>Sweden</b>	0	0	1	1	0	0
<b>Switzerland</b>	0	0	1	1	1	1
<b>UK</b>	6	4	7	5	1	2
<b>Total</b>	<b>15</b>	<b>16</b>	<b>25</b>	<b>25</b>	<b>8</b>	<b>13</b>

*ii Northern region and the key impacts*

The data in terms of numbers of employees is difficult to analyse as it is not always entirely clear whether schemes are actually referring to paid employees, or volunteers or members. In addition, details about whether employees are full- or part-time is also lacking in many instances. What is clear is that there is quite some variation in the number of people involved in these initiatives, but with a tendency for the number of employees to be below 10. The largest employer appears to be the Belgian scheme Het Open Veld which employs 320 harvesters, it is possible that these employees are seasonal workers as opposed to being permanently employed by the scheme. The next largest scheme is the Aarstiderne (Denmark), which reports 110 employees, followed by Den Diepen Boomgaard (Belgium), with 20 employees and 12 trainees. Most examples, however, employ a handful of staff, often supplemented with trainees and volunteers.

The role of voluntary work is apparent and a number of examples rely upon ‘members’ to undertake work duties in exchange for produce. So for example, in Sweden, Mykorrhiza has 12 volunteer members and in the UK Chew Magna Community Farm has 460 members and the Rent-a-vine scheme has 32 members. The Voedselteams (Belgium) has only 5 part-time employees but depends on the efforts of 120 local teams, each involving up to 20 families and consisting of at least one team leader, a depot manager, a financial manager and a regional representative all of whom work on a voluntary basis. The data suggest that a number of the examples we have identified operate at least partly on the basis of an ‘exchange economy’ where social values are central and where people are motivated to participate not only because they will receive produce in return but also (and perhaps primarily) because they want to support the initiative and its values.

Concerning the number of producers involved, the region seems to be characterised by a higher share of large schemes than the average in the EU. More than a third of the ones recorded have more than 50 producers (10 out of 28 as shown in Table 23). Schemes involving the largest numbers of producers tend to be the marketing and labelling initiatives which facilitate market access for farmers through a variety of SFSCs. For example, Gutes vom Bauernhof (Austria) has 1520 producers, whilst the Regionalmarke Eifel (Germany), involves over 10,000 farmers.

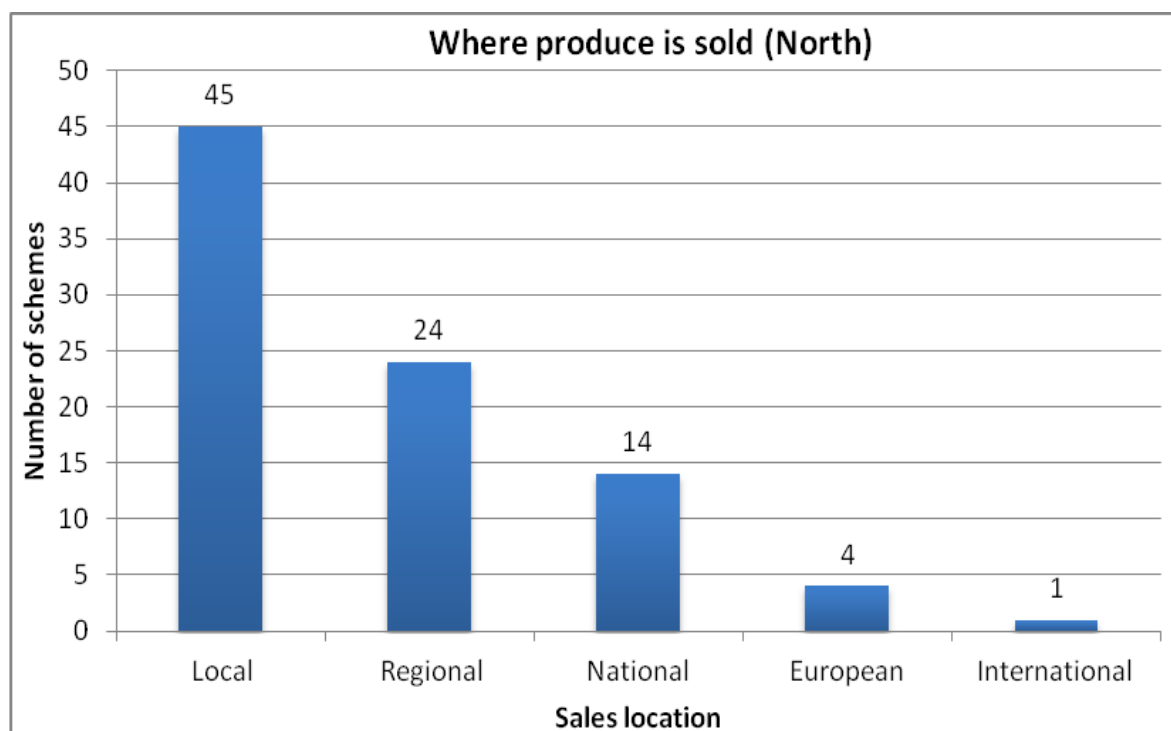
The majority of examples in the database still involve small numbers of producers and it is not uncommon for initiatives to involve just one farmer (e.g. Paul Mangel, Luxembourg; Church Farm Ardeley, North Aston Dairy, Chew Magna Community Farm and Dragon Orchard Crop Sharers all in the UK): however, there is a smaller share of small size schemes (<10 producers) in the Northern region than the average in the EU in the database.

**Table 23: Number of producers within schemes in the Northern region**

Number of producers	Number of schemes
<b>1-10</b>	14
<b>11-50</b>	4
<b>51-100</b>	4
<b>100+</b>	6
<b>Total number of schemes</b>	<b>28</b>

Produce sold through a variety of channels. As illustrated in Figure 6, all schemes sell in their immediate locality, through local festivals, farmers markets, farm shops and other retail outlets. Walserstolz in Austria is the only example to reach an international market. Regional sales are achieved by about half of the examples whereas national (14) and European sales (4) are less common.

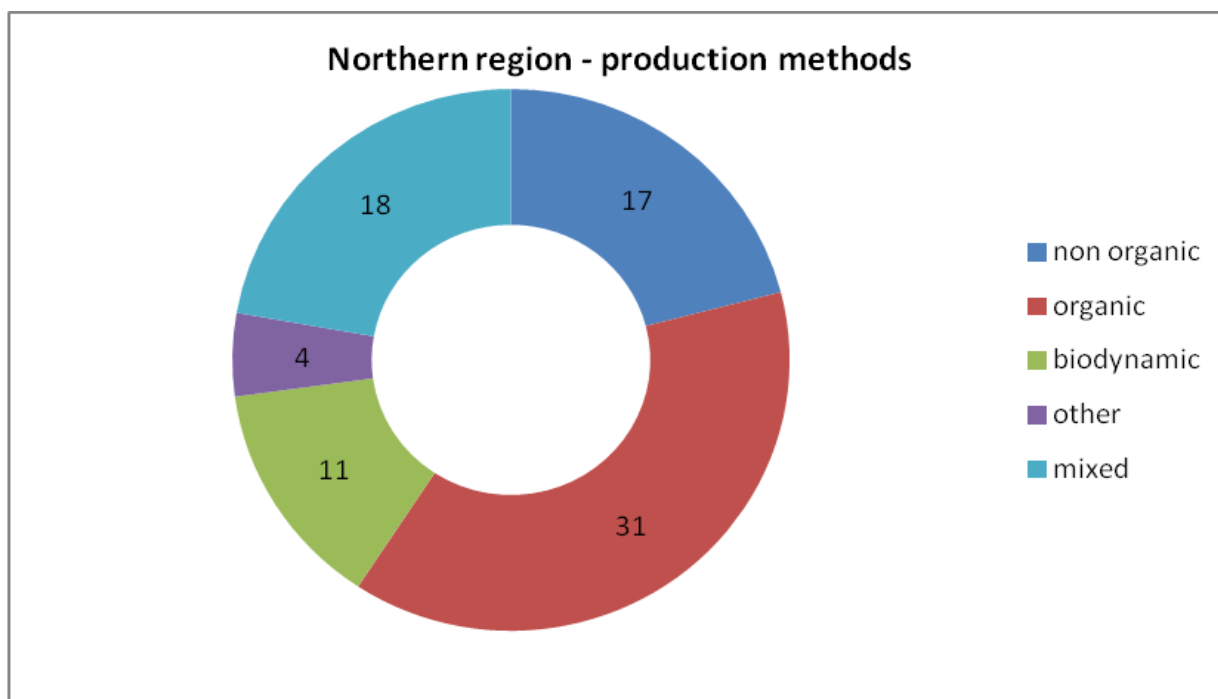
**Figure 6: Overview of the location of sales for the Northern region countries' scheme**



### iii *Other aspects in Northern region*

Thirty –six of the SFSCs provide customers with details of their production methods (whether or not certified) and many of these apply combinations of production methods. Figure 7 shows that the most commonly cited production method is organic, 86% of the schemes for which data was available are organic. Many schemes state they follow 'environmentally friendly methods' within non-organic production, e.g. Achantaler farmers' market (Germany) and with a mix of organic and non-organic in the SFSC scheme of Regionalmarke Eifel (Germany).

Figure 7: The overall production methods identified for the Northern region



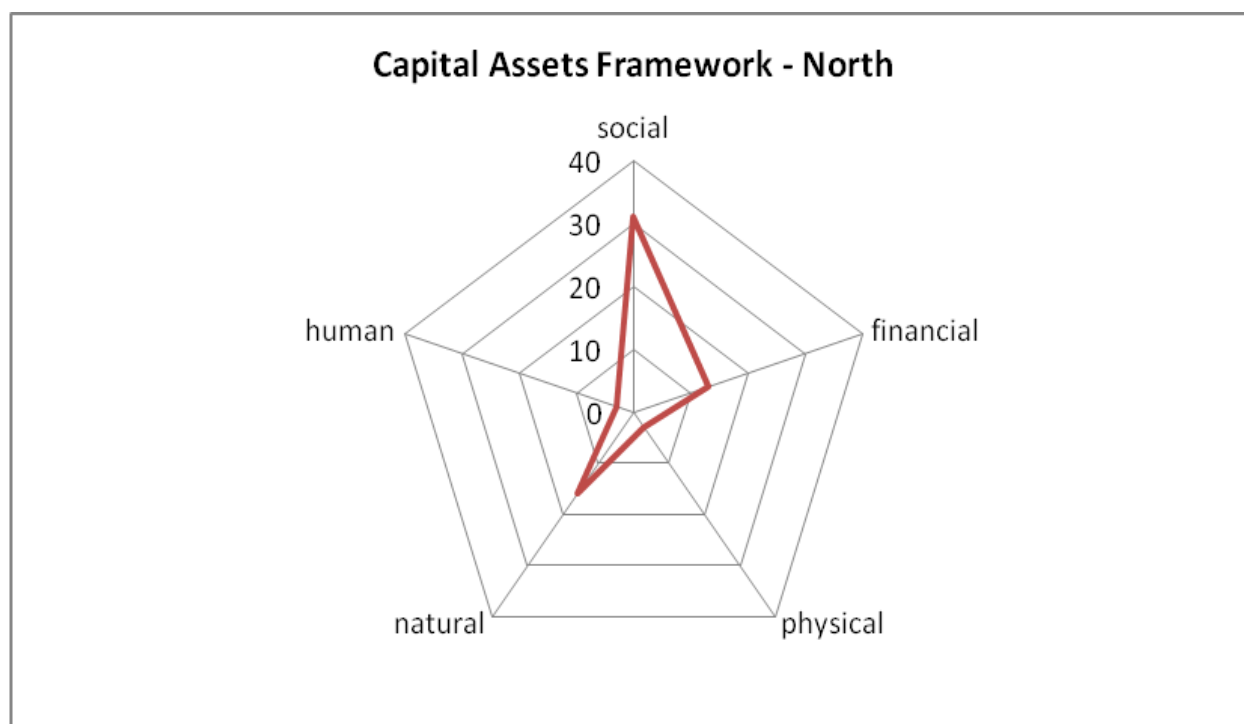
Concerning the aims of the schemes, data from 38 schemes has been analysed using the capital assets as a framework and an overview of the results is presented in

Figure 8. Whilst the quantitative content analysis is useful to highlight the strong focus on social capital, the qualitative analysis helps to provide greater insight into the motives of those involved in these initiatives and again shows that social capital is concerned with the quality of food and with developing trust and reconnection. Reference to elements of social capital were most frequent in the websites analyzed, followed by natural, financial, human and physical. Regarding social capital, much of the emphasis falls on the quality of the food. So for example, Voedselteams focus on where the food comes from and Mmm eetjeslnd and Eat&Joy are focussed on taste. In Sweden, the Mykorrhiza scheme aims to provide access to healthy food whose origin can be identified; it is also interested in introducing environmentally conscious people to each other. Many examples aspire to the development of more than one capital asset. In Ireland, the Kinsale CSA aims to unite farmers and produce quality goods through sustainable practices; therefore this can be interpreted as generating financial, social and physical assets. In the UK, Cumbria Food Direct aims to source first class food from local producers from environmentally friendly, organic and fair trade suppliers delivered directly to the customer's door. Customers will know exactly where their food comes from and be able to "do their bit for the environment (social and natural assets). The marketing and labelling schemes are most likely to be oriented primarily to generating financial capital. The



Regionalmarke Eifel in Germany aims to strengthen the regional marketing of the local products.

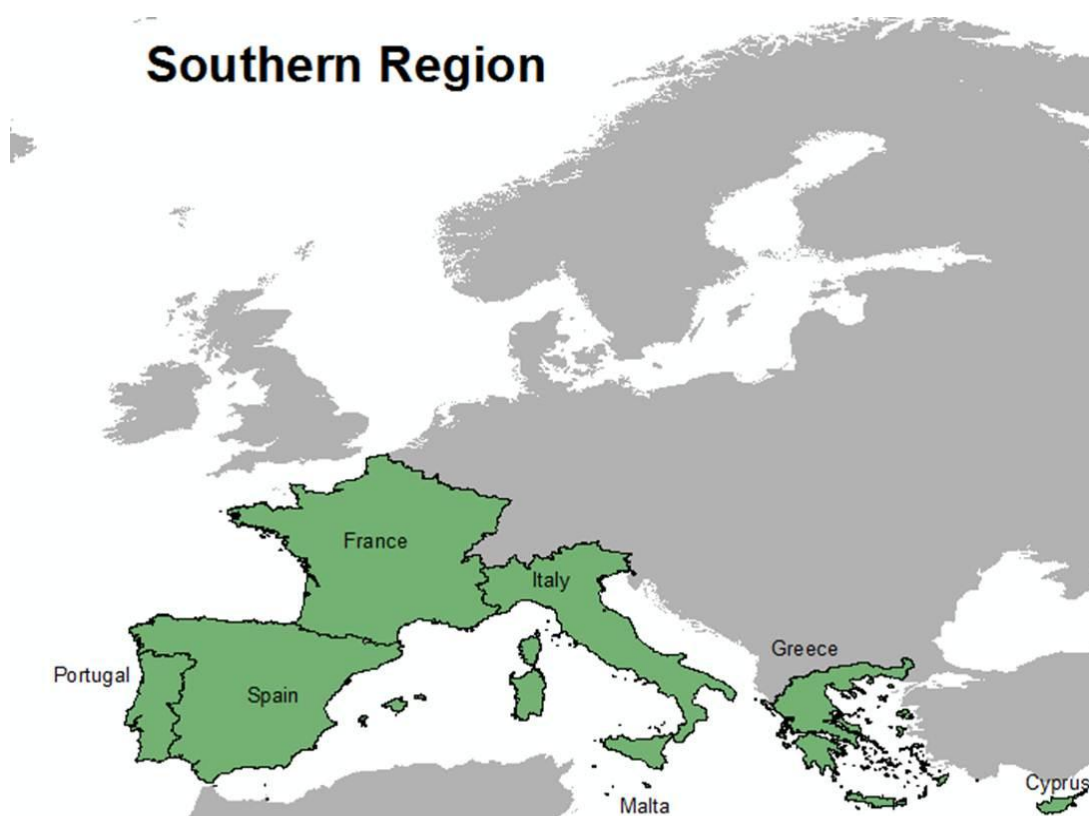
Figure 8: The assessment of the capital assets framework for the Northern region



#### ***4.5.2 Southern region analysis***

The Southern region comprises 7 countries (Map 2) and 26 schemes (Table 24). France (9) and Italy (7) are well represented in the database. The remaining schemes account for between 1 and 3 per country. Overall, the number of schemes is close to half those located in the Northern region.

**Map 2: Southern region countries in the EU**



**Table 24: Number of schemes per country included in the Southern region**

Scheme name	Country	Number of schemes per country
Oleastro Enterprises Ltd	Cyprus	3
Erson Hodja Organic Farm		
Riverland Dairy Biofarm		
AMAPopote	France	9
AMAP des Perce-Neige		
AMAP Juanchec		
Le panier de l'aneth		
AMAP'île Verde		
Le Jardin les Joyaux d'Oaxaca		
Les panners d'Eric		
Terroir Direct		

Scheme name	Country	Number of schemes per country
Alter Conso		
Citrus Organicus	Greece	2
Agricultural Cooperative of Krista		
Casa del sole	Italy	7
Bioagriturismo La Porta dei Parchi		
Il casale del cotone		
Azienda Agricola Biologica Caramadre		
Rob del Bosco Scuro		
Asprocarne Piemonte		
Mangio Carne Bio		
Ta Qali Farmers Market, Malta	Malta	2
Ta Zeppi Olives, Malta		
Projeto-Ahimsa	Portugal	1
Torre Real	Spain	2
Cortijo Cornelio		
<b>Total count</b>	<b>7</b>	<b>26</b>

*i Sub-categories of SFSCs in the Southern region*

The data presented in Table 25 shows that most of the examples are involved in sales in proximity. In contrast to the North region, ‘on farm sales’ is the most populated sub-category (11 examples). Off farm sales to the commercial sector are the next most common type of SFSC in the database (8 examples), while farm direct deliveries are not well developed. Nine examples are engaged in ‘sales at a distance’, which is a higher proportion than the proportion in the North region. CSAs are important in France (as much as in the UK or Belgium in the North region), but not in the rest of the region.

**Table 25: Number of schemes by sub-classification in the Southern region**

	Sales in proximity					
Country	CSA	on farms sales	farm direct deliveries	off farm sales – commercial sector	off farm sales – catering sector	sales at a distance
Cyprus	0	2	0	1	0	2
France	7	1	2	0	0	1
Greece	0	1	0	0	0	2
Italy	0	5	3	4	2	2
Malta	0	1	0	1	0	0
Portugal	0	1	0	0	0	0
Spain	0	0	0	2	0	2
<b>Total</b>	<b>7</b>	<b>11</b>	<b>5</b>	<b>8</b>	<b>2</b>	<b>9</b>

*ii Southern Europe and the key impacts*

There is little information relating to the number of employees in the Southern region. Only one scheme has reported any data. The Riverland Dairy Biofarm has one milk processor, plus an unknown number of helpers/volunteers for the farm. Cortijo Cornelio (Spain) has a small team of part-time employees which also work for the scheme, although the numbers are not specified.

There is some information available for 16 out of the 26 SFSCs within the Southern countries relating to the number of producers in the scheme but it is difficult to draw any general conclusions. The largest examples are the Agricultural Cooperative of Krista, and in Italy, the Asprocarne Piemonte, both of which involve around 900 producers. In comparison, the Cortijo Cornelio scheme identified in Spain has over 75 farmers and producers involved and Terroir Direct scheme is of similar size. Most of the examples for which we have data are much smaller, involving less than 10 producers and in some cases, only one (Casa del Sole (Italy) and Olesatro Enterprises Ltd (Cyprus)). It seems that the proportion of small sized schemes is slightly higher in this region than in the Northern one (10/16 instead of 14/28).

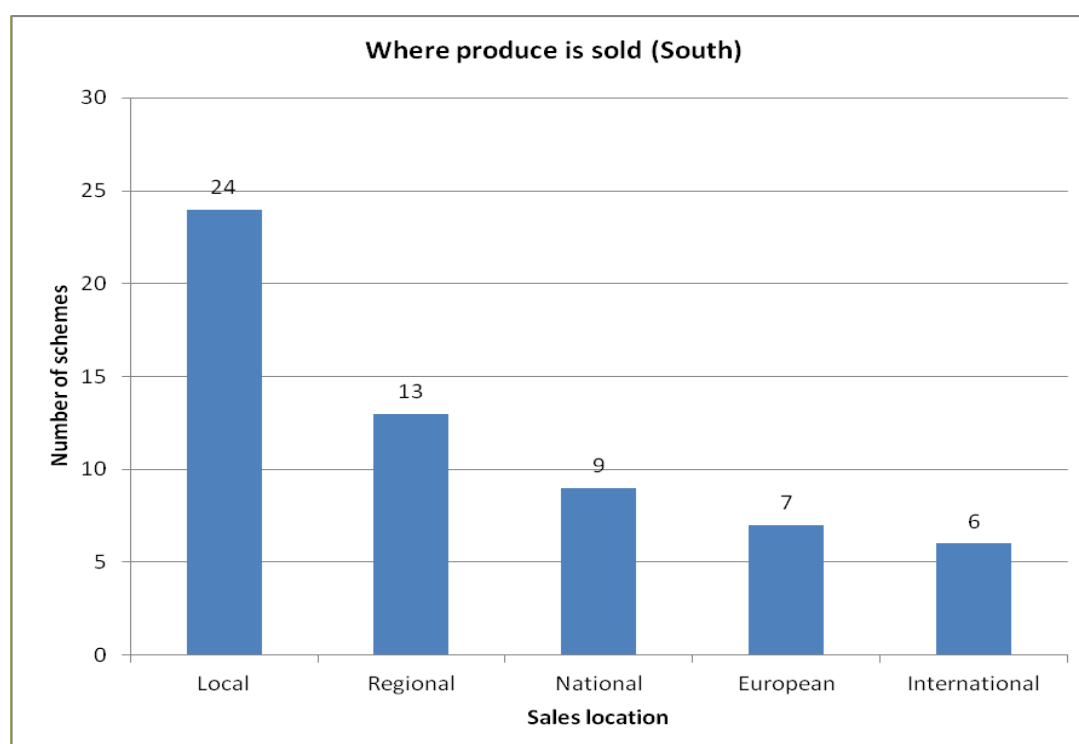
**Table 26: Number of producers within schemes in the Southern region**

Number of producers	Number of schemes
<b>1-10</b>	10
<b>11-50</b>	2
<b>51-100</b>	1
<b>101+</b>	3
<b>Total number of schemes</b>	<b>16</b>

As for the Northern region produce is sold through a variety of channels, but most cases sell in their immediate locality. The overview of the location of sales (

Figure 9) shows that local sales, offered by 24 SFSC schemes, are by far the most dominant in the Southern region, followed by regional (13), national (9), European (7) and then international sales (6). In contrast to the North, distance markets (national and beyond) are more frequently used and there are several examples of export to European countries (Oleastro Enterprises Ltd, Cyprus, Citrus Organicus, Greece, Casa del sole and Bioagriturismo La Porta dei Parchi, Rob del Bosco Scuro, Italy and Torre Real, Spain). Information relating to which European countries they export to is limited, but it does seem that in many schemes this is a new branch in addition to the local or regional sales.

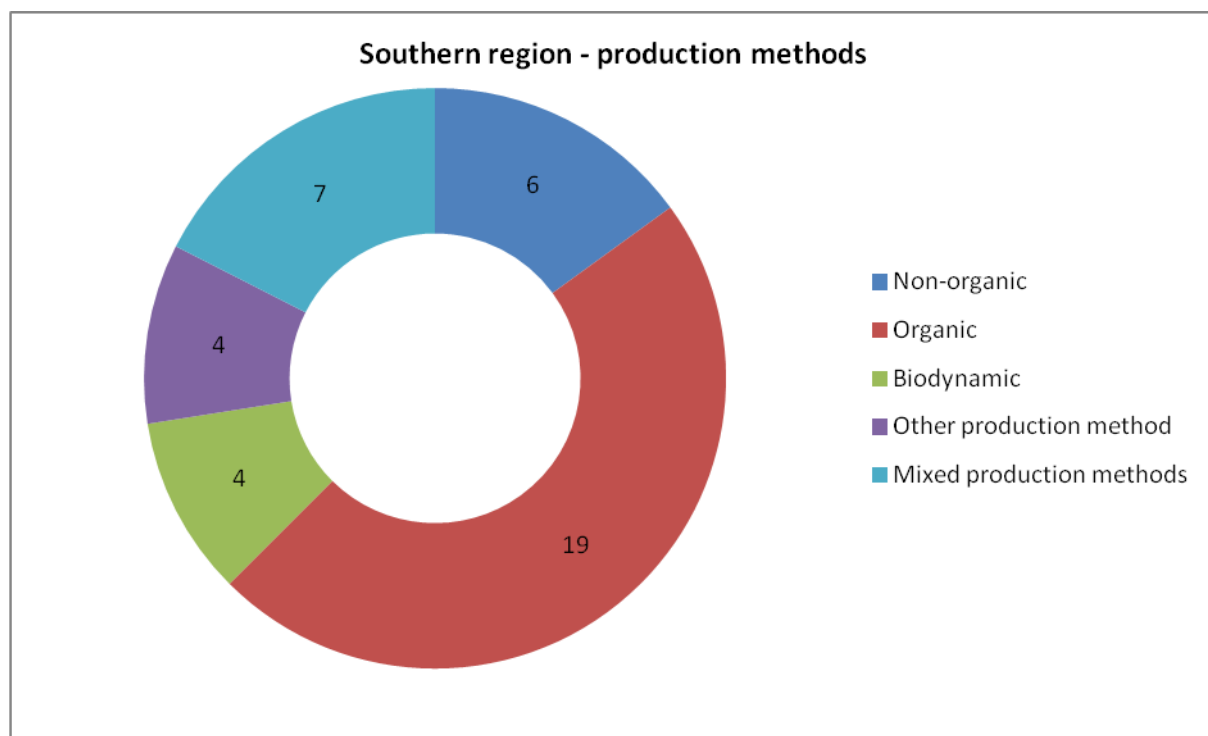
**Figure 9: Overview of the location of sales for the Southern countries schemes**



### iii *Other aspects in Southern region*

The information on production methods is relatively good, with 22 out of the 26 schemes reporting on their production methods. There is an emphasis on organic production (19/26 schemes), but non-organic (6/26) and biodynamic (4/26 schemes) methods are also practised. In a few schemes (less than in the Northern region), biodynamic production occurs (e.g. Cortijo Cornelio, Spain and Projeto-Ahimsa, Portugal). In general, fewer schemes include non-organic methods than in the Northern region: there seems to be a stronger focus on organic production in the Southern region.

Figure 10: An overview of the production methods identified for the Southern region



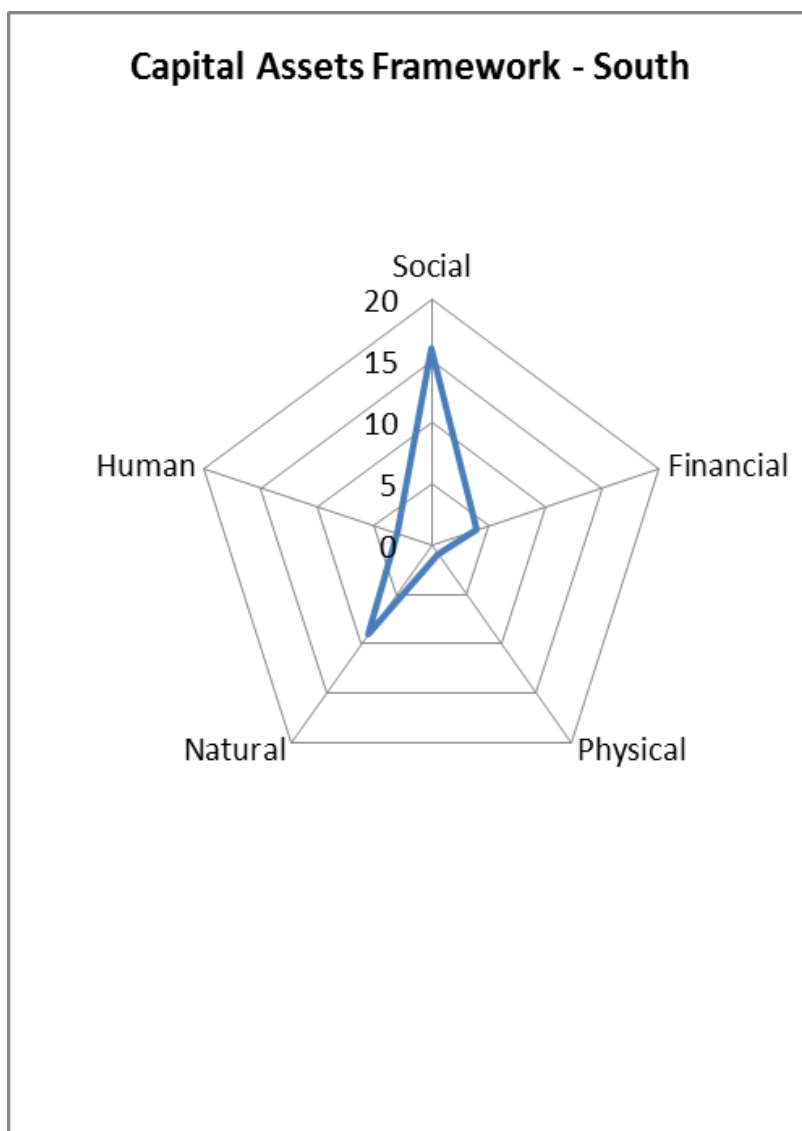
Concerning the aims of the schemes, the capital assets framework has been applied to 17 of the 26 schemes in the southern region and the results are presented in

Figure 11. The overview shows that social capital assets are prioritized by all 17 schemes, followed by natural (10), financial (4) physical (1) and human (3). Overall there seems to be an underlying aim of all of the Southern schemes which is centred around keywords such as; tasty, high quality produce, fresh and affordable. For example, the Riverland dairy Biofarm scheme in Cyprus aims to use organic feeds and practises, and produce clean, nutritious, traditional milk; the schemes found within Spain aim to sell high quality goods and to diversify their products, e.g. Cortijo Cornelio (Spain) aims to give customers the freshest, highest quality product at an affordable price and is focussed on generating social and natural capitals and Torre Real aims to provide high quality diverse products. In Greece the aims are also focussed on goodness and taste where schemes aim to offer fresh, delicious produce, e.g. Citrus Organicus. In France the schemes are oriented towards creating a link between the producer and the consumers, high quality produce, ethical behaviour, sustainable development in rural environments, ecological aware production that is socially and economically possible.

As with the Northern countries, many examples can be regarded as working with several capital assets. The Portuguese Projeto-Ahimsa aims to provide its own food for its onsite resort

and be at one with nature. In the Italian schemes the aims are more focussed towards; hospitality improvements, promoting the produce (financial and human capital) and offering the taste of good quality product (social capital).

Figure 11: The assessment of the capital assets framework for the Southern region



#### 4.5.3 *New Member States analysis*

In the database, there are 10 countries in the New Member States region (Map 3). Of these 10 countries there are 13 schemes representing them, the countries included in the database along with the schemes are listed in Table 27.

Map 3. New Member States countries in the EU



**Table 27: Regional summary table for the New Member State region**

Scheme name	Country	Number of schemes per country
Tcherni Vit Green Cheese Presidium	Bulgaria	1
Farmarske trhy na kulataku	Czech Republic	1
Sepa mahetalu koduleht	Estonia	2
Mahetalu		
Morakert Cooperation	Hungary	1
PKS Straupe	Latvia	1
Viva Sol	Lithuania	1
Wąsowo Farm	Poland	1
Targul Taranului Bucharest Earth Market	Romania	2
Fundatia ADEPT		
Fructop	Slovakia	1



Mlekomat – Milk o Matic	Slovenia	2
Trznica Farmers Market		
<b>Total count</b>	<b>10</b>	<b>13</b>

*i Subcategories of SFSCs in the New Member States*

As for the other regions, most of the examples are involved in sales in proximity (

Table 28: Number of schemes by sub-classification in the New Member States ). Within this category, most of the examples are ‘off farm sales’ to the commercial sector (shops, markets) as well as some farm direct deliveries schemes. Only 3 schemes operate sales at a distance. CSAs are nearly absent from the region and on-farm sales are also less represented than in the other two regions.

Table 28: Number of schemes by sub-classification in the New Member States

	Sales in proximity					Sales at a distance
Country	CSA	on farm sales	farm direct deliveries	off farm sales - commercial sector	off farm sales - catering sector	sales at a distance
Bulgaria	0	0	0	1	0	0
Czech Republic	0	0	0	1	0	0
Estonia	1	1	2	1	0	1
Hungary	0	0	0	1	1	1
Latvia	0	0	1	1	0	0
Lithuania	0	1	1	0	0	0
Poland	0	0	1	0	0	0
Romania	0	1	1	2	0	0
Slovakia	0	0	0	1	0	1
Slovenia	0	0	0	2	0	0
<b>Overall total</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>10</b>	<b>1</b>	<b>3</b>

## *ii New Member States and the key impacts*

There is some sparse data available concerning the number of employees for the New Member States (4 schemes). In Viva Sol (Lithuania), although the numbers are not defined, there is a mixture of voluntary and temporary staff. In comparison, PKS Straupe (Latvia) has 70 employees whereas Fructop (Slovakia) employs approximately 150 people for the harvesting process alone. The overall number of employees is unknown. Similarly, Trznica Farmers Market in Slovenia employs 150 farmers to work in the markets, although it is not clear as to whether these are specifically producers or employed separately for the selling.

Of the schemes providing data on the number of producers involved, almost three quarters of the cases involve fewer than 10 producers, as shown below in

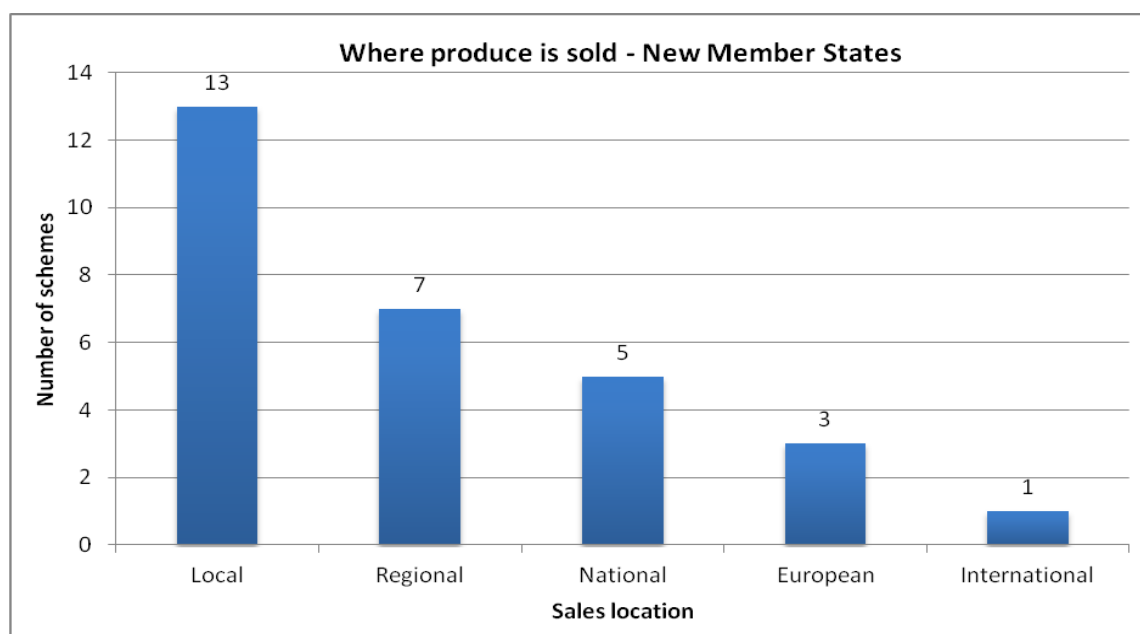
Table 29. Due to lack of data it is difficult to make general conclusions, although micro schemes (<10 producers) represent close to three-quarters of the cases in this region, while they represented only half to two-thirds of the cases in the two other regions.

Table 29: Number of producers within schemes in the New Member States region

<b>Number of producers</b>	<b>Number of schemes</b>
<b>1-10</b>	5
<b>11-50</b>	0
<b>51-100</b>	1
<b>100+</b>	1
<b>Total number of schemes</b>	<b>7</b>

As Figure 12 shows, local sales dominate and are often through farmers markets for example Tcherni Vit Green Cheese Presidium (Bulgaria), PKS Straupe (Latvia) and the Farmarske trhy na kulataku scheme (Czech Republic). In Estonia, there is a difference between schemes where some sales are directly on the farm (Sepa mahetalu koduleht) and another having sales largely confined to off farm sales deliveries and through retail outlets (Mahetalu); similarly so do the Fructop (Slovakia) and Viva Sol (Lithuania) schemes. Wąsowo Farm (Poland) however, has mainly sales online, whilst the Mlekomat – Milk o Matic (Slovenia) scheme has automatic raw milk dispenser points national wide. Only a small number of schemes make regional sales (7), national and European sales (5 and 3) and international sales (1). The proportion of schemes acting beyond the regional scale is similar to that of the Southern region and both regions have a higher proportion of schemes acting at this scale compared to the Northern region.

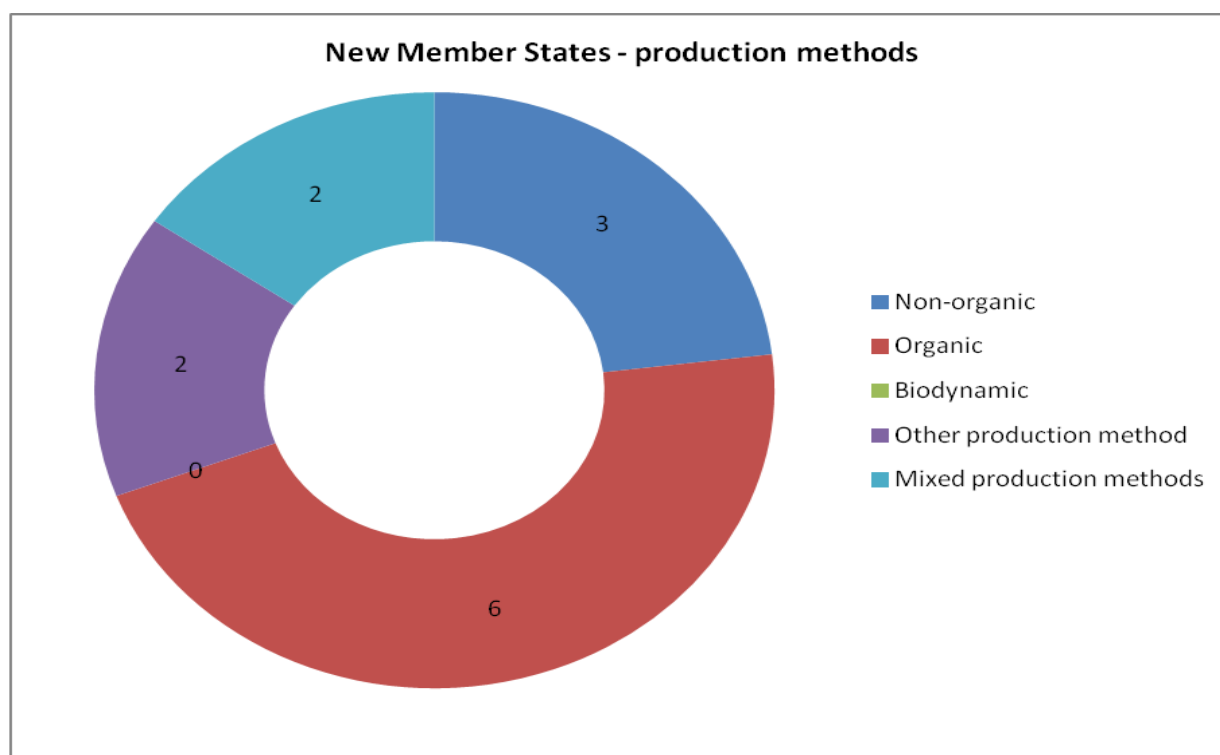
**Figure 12: Overview of the location of sales for the New Member States region**



**iii Other aspects in the New Member States region**

Only 9/13 schemes provided data on their production methods on their websites. Figure 13 shows that organic production (6) is present in the New Member States SFSCs examples. Organic production occurs in the Farmarske trhy na kulataku (Czech Republic), Sepa mahetalu koduleht (Estonia), Mahetalu (Estonia), Wąsowo Farm (Poland) and Targul Taranului Bucharest Earth Market (Romania). Non-organic is practised within 3 of the schemes where information is available Tcherni Vit Green Cheese Presidium (Bulgaria), Trznica farmers market (Slovenia) and Targul Taranului Bucharest Earth Market (Romania). However, the proportion of SFSCs that follow organic production methods is much smaller in NMS than in the other two regions: less than half of the cases are organic (while more than two thirds were in the two other regions). Biodynamic production is absent from this region.

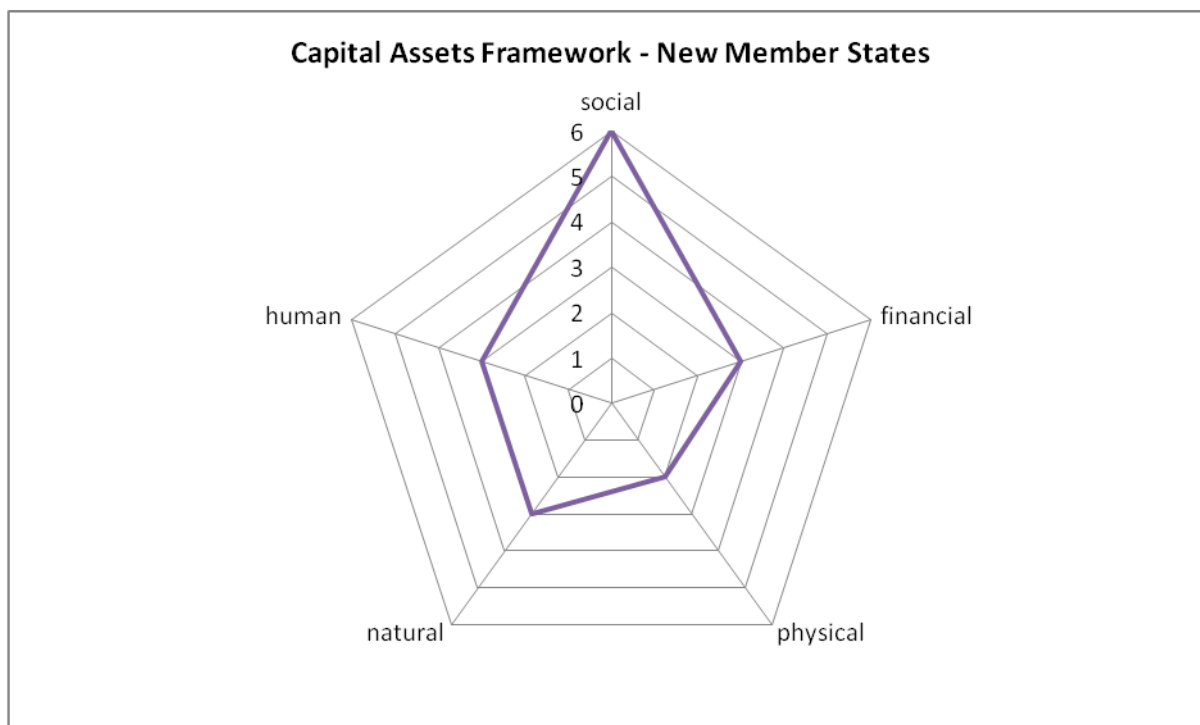
**Figure 13: The overall production methods identified for the New Member States**



Three (out of 13) schemes in the New Member States report organic certification. The scheme Sepa mahetalu koduleht (Estonia) is organically certified through the EU. There is also a suggestion that IFOAM certifies the organic production but information is unclear. The second Estonian scheme, Mahetalu, appears to have some form of EU organic certification, but again information is scarce and so the exact certification cannot be confirmed. The final scheme that has organic certification is the Trznica Farmers Market in Slovenia. They run a labelling scheme which guarantees Slovenian organic food, the farms can also be identified by name on the label.

Concerning the aims of the schemes, 9 out of the 13 New Member State examples have been assessed and are presented in Figure 14. Like in the other two regions, the social capital is the most populated category with 7 schemes. The remaining frameworks have similar numbers of schemes within them; human (3), financial (3), physical (2) and natural (3). For example, PKS Straupe (Latvia) focuses on *quality to maximise return*. In Estonia, Sepa mahetalu koduleht aims to provide produce *direct from farmer to consumer* and therefore is classified under social capital. Viva Sol (Lithuania) focuses on *maintaining relations* between *county* and *city* and *supporting rural artisan farmers* and is classified as social and human capital. Fructop (Slovakia) is aiming to supply *fresh* apples and products *directly to consumers* and is assigned to the social capital. Wąsowo Farm (Poland) aim is slightly more *ecologically* focused as it aims to *supply food* from an *ecological garden* using *natural growing techniques* and therefore is considered as natural capital. In Romania, (Targul Taranului Bucharest Earth Market) a scheme incorporates the idea of slow food, creating a *network of producer* and for *purchasing groups* and both schemes link to the idea of *slow food* and *artisan production* (Fundatia ADEPT, classified as human and physical capital and Targul Taranului Bucharest Earth Market, classified as financial, physical and social capital). Human assets are cited more frequently in this area than in the two others: knowledge and marketing networks, etc.

**Figure 14: The assessment of the capital assets framework for the New Member States**



#### **4.5.4 Meta analysis concluding elements**

The meta regional analysis of the cases recorded in the database points some common aspects of SFSCs throughout Europe: a large number of initiatives of different types (nearly all types identified are more or less present everywhere) with a very large range in terms of economic size (economic result, number of producers, of employees, of consumers etc...) and a predominance of small to very small schemes (<10 producers, often only one); a strong correlation between SFSCs and local sales as well as with organic production; a focus on 'social' assets justifying the schemes, based on the supply of quality and fresh food, as well as on the direct contact between the producer and the consumer.

There are however a few differences that can be pointed out (although further research on a more exhaustive set of SFSCs would be needed to confirm these preliminary results) between the three regions:

- the total number of SFSCs seems larger in the Northern Region and France than in the rest of the EU (Mediterranean areas and New Member States);
- many schemes (more than half of them) are ensuring an off-farm direct sale, either at a point of sale (shop, market etc.) or via a direct delivery system. From the database records, it appears that such systems are fewer in the Southern region, in particular concerning deliveries, than in the Northern region and the new Member States;
- on the contrary on-farm direct sales seem to be more available in the Southern region, in particular in Italy and France;
- one quarter of the schemes recorded in the database correspond to Community Supported Agriculture or AMAP type of schemes. Such types of schemes, with a strong ethical /

'alternative' component, are well represented in the Northern region and France, while they are much less present in the rest of the Southern region and in the New Member States;

- schemes involving a high number of producers are more frequent in the Northern region, than in the rest of the EU, where the predominance of small and micro schemes is stronger;

- schemes in the Northern region seem more focused on local sales than in the two other region, where a significant proportion of the schemes also make distance sales;

- the presence of organic certified production is a lot weaker in the New Member States than in the old ones, where additional conditions are often present (e.g. biodynamic agriculture);

- the justifications given by SFSCs in the Northern region are more diverse and combine 'social' (including quality/freshness of produce and direct connection between producer and consumers), environmental and economic arguments, while justifications are less developed in the two other regions and seem to focus less on the quality of products and more on human aspects (acquisition of skills by farmers).

## 5 Case studies of Short Food Supply Chains

### 5.1 Introduction

#### *i Identifying and choosing the case studies*

The literature review showed that most papers focus on single cases studies, or a single type of scheme within a geographical area (e.g. four different Farmers Markets in a region, PDOs in the same region). Very few papers compare cases of different types of SFSCs across various regions. It appears that authors use various approaches to identify cases which they go on to use in their papers: Online searches, Knowledge due to prior research, Personal familiarity with region. Searching for case studies and examples online is clearly one of the easiest ways to highlight case studies, and yet very few papers acknowledge that this is how schemes have been identified. Some exceptions are Alonso (2011) who reviewed the lists of producers on state authority websites in order to compile a sampling frame, and Follett (2009) who used an online directory to locate his three case studies.

Choosing 3 case studies from the thousands of examples available across the 27 member states was inevitably difficult, but our principal considerations were as follows:

- Practicalities – is the case study accessible physically and linguistically in the time available?
- Will the selected case studies enable us to examine a variety of types of SFSCs in a variety of national contexts?
- Is there existing secondary data which can be used to contextualise the case study?
- Is expert opinion available to assist or comment on case studies?
- Will the case studies enable us to address the project's overall aim and objectives?

In an attempt to reflect geographical diversity in the EU, we selected one case study from each of 3 broadly defined meta-regions. Within this, we also used the sub-classification of SFSCs in Table 4 as an aid to help us to choose an example of each of the most common types of SFSC found in the database.

Sub-classification	Selected Case Study
On Farm Sales	Heritzer Farm, Austria
Farm Direct Deliveries	Terroir Direct [delivery scheme], France
Off Farm Sales – Commercial Sector	Local Food Shop, Hungary

Our final choice was also influenced, as is often the case, by advice from experts in the sector (notably from the advisory group on agricultural product quality), and the existence of good

contextual data. From our preparatory work, for example, we knew that France and Austria have particularly good data on the scale of SFSCs in their countries.

## **ii Case Study Methods**

A bespoke and flexible mixed methods approach was adapted for the case studies consisting of:

### ➤ Secondary data collection:

- Analysis of existing datasets on social and economic indicators, wherever possible
- Analysis of the principal national and regional policy documents and initiatives of relevance to SFSCs

### ➤ Primary data collection:

- Semi-structured interviews with key informants to include the principal actors in the chosen SFSC (for example farmers, SFSC innovators, local development officers, local and regional institutional representatives)
- A focus group with consumers who buy produce from the SFSC under study.
- A consumer questionnaire, principally for those who buy SFSC produce

## **iii Limitations**

The case studies clearly had to be conducted rapidly and with comparatively restricted resources and although we are confident that the majority of the principal organisational and institutional stakeholders were either interviewed or contacted with requests for information, the main difficulty lay with conducting the consumer survey. Such surveys are always challenging to implement and risk achieving low response rates. In this instance, the research team was largely dependent on the assistance of the case study SFSCs to help with delivering the consumer survey and unfortunately, only limited consumer data was generated in the Austrian case study. Wherever possible, we have accessed existing data on consumer behaviour for the case studies.

## **5.2 AUSTRIA**

*“We were so far behind, that we are now in front again” anonymous Austrian farmer*

### **5.2.1 Austrian national context**

#### **i Scale and significance of Short Food Supply Chains (SFSC) in Austria**

Agriculture and forestry represents 80% of the overall land use within Austria, and contribute about 1.5% of the GDP. Across the country there are 170,000 agricultural and forestry holdings in existence that cover 6,700,000 ha of land. The average farm size is 42 ha and nearly half of the farms are below 10 ha. Only 42% of farmers are full-time farmers. There are over 410,000 people employed within the industry, 85% of them family labour.



A recent study (KeyQuest by Agrar.Projekt.Verein, 2010) showed that 46,000 Austrian farms (close to one third) use direct marketing in some form. Half of them generate 10% or more of their income from direct sales especially fruit and wine producers (respectively 32% and 24% of income) as well as pork, milk and beef producers (18% of income). 75% of all direct sales farms have farm shops but other SFSC forms (farmers' markets, restaurants, supermarkets, internet sales) are also used, especially by professional direct sales farms. For 61% of the farms the importance of direct sales was unchanged during the last decade, for 29% it has increased and for 10% of the farms it has decreased. Lack of time is the most common reason given to explain a decreased share in direct sales.

Direct sales turnover in recent years has also been slightly declining in contrast to organic sales which have continued to grow. As shown below, data by RollAMA (2011) indicates a 15% decrease in household spending at farm shops from 2008 to 2011 but an increase in off-farm SFSCs such as delivery services and farmers' markets. From this data, it seems that farm shops have reached a certain level of saturation in Austria and that further growth of SFSCs should be sought in other types of SFSCs. Internet sales and sales through supermarkets were not included in the study.

**Table 30: Household spending**

Household spending (€/year)	2008	2011	% change
Farm shop	164	139	-15%
Farmers' markets	131	151	15%
Delivery services	220	234	6%
Organic shops	127	178	40%

(Source RollAMA 2011)

## *ii The case of 'Gutes vom Bauernhof'*

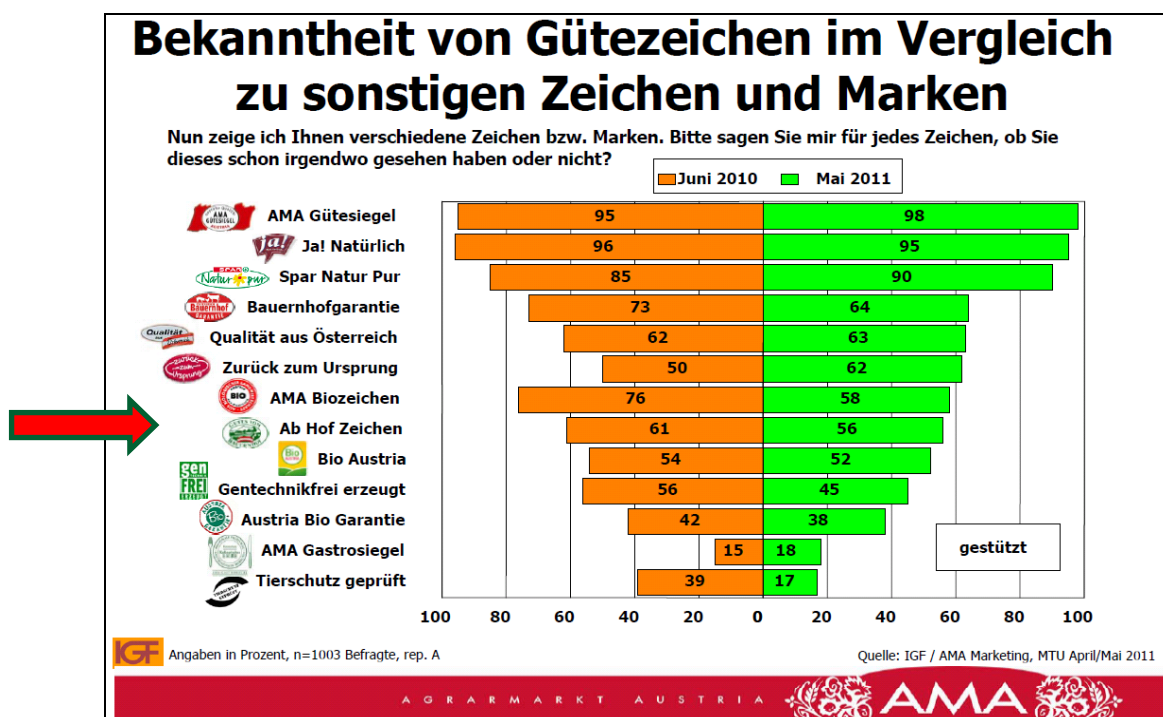
Austria has a national and regional SFSC scheme called 'Gutes vom Bauernhof' ([www.gutesvombauernhof.at](http://www.gutesvombauernhof.at)) which could be translated as 'Good things from the farm'. The word 'Bauernhof' however is more specific than just farm, it means smaller-scale family-type farms and this is in contrast to industrial-scale farming. Although the words 'direct' and 'short food supply chain' are not included in the logo 'vom Bauernhof' can be understood by German speakers as direct from a named farmer.

Figure 15: Logo of Gutes vom Bauernhof



The logo (words and graphic representation) is a registered trademark owned by the Austrian Chamber of Agriculture (*Landwirtschaftskammer*). It was introduced in 1998 and made into a nationwide standard in 2001. According to the scheme's statutes the aim is to guarantee 'bäuerlich' (small-scale, family-type farms) direct access to Austrian consumers. The 'Gutes vom Bauernhof' (GvB) scheme has various goals, mainly to promote authentic, traditional, traceable food, reflecting a need identified in consumer surveys, in which participation is economically advantageous for farmers. The scheme also favours farmers directly communicating with consumers. In 2008 there were 1,140 members and at the beginning of 2012, the scheme had 1,570 certified member farms across Austria (an increase of 36% over four years). The scheme is currently implemented in six States (Länder); the west of the country (Vorarlberg, Salzburg and Tyrol) is not yet covered. Some farms have their own additional label and combine it with the GvB logo.

Figure 16: Awareness of the Gutes vom Bauernhof logo (supported) in June 2010 and May 2011



(Source: IGF / AMA Marketing, 2011)

Currently, the GvB logo has achieved a good awareness (around 60% of the consumers surveyed) rating just between the organic AMA and the organic Bio-Austria logos. There are many other logos for food quality in Austria including national or regional origin, organic, gene technology-free (*gentechnikfrei*), animal welfare, etc.

Farms may access the scheme after a 100% external entry control on six criteria. Subsequently there are 100% self-assessments of the farms every 2 years and 10% random and risk-based external certification visits. The external certification is carried out by third party certification bodies selected by tenders. Four of the entry criteria cover the farm: (i) Are own raw materials used? (ii) Is the farm qualified and trained? (iii) How are marketing and selling organised? (iv) What is the quality of the production? Two further criteria cover the processing operations: (v) Own on-farm processing? (vi) Quality of processing and end product? The entry control assessment follows a detailed scoring system which is detailed in box 4 (Source: Gutes vom Bauernhof, 2012).

#### **Box 4 Gutes vom Bauernhof (GvB) Entry control scoring system – An example**

The GvB entry control scoring system is detailed below. *An example consisting of a mixed farm marketing fruits (20% of the turnover), pig meat (50%), mixed pork-beef sausages (20%) and dairy products (10%) is simulated. The example farm produces 25% of its own fruit and buys in the rest from various sources which are not local. It processes all its pig meat (100%) and for the production of sausages it buys beef (50%) from various sources. It processes all its milk (100%).*

##### **\* Scores for own raw materials (Max 3 points; Eligibility threshold 1.5 points)**

The scores for raw materials are calculated on the following basis:

- 100% own raw material or max 25% from neighbouring farms in the GvB scheme = 3 points
- 50% own raw material, remainder from region but not necessarily GvB scheme = 2 points
- 25% own raw material, remainder from region but not necessarily GvB scheme = 1 point
- Less than 25% own raw materials are used = 0 point

As raw material is sourced from different places for each product of the farm, a weighted score is calculated based on the percentage of turnover attributed to each product (see example calculation below). The maximum score for raw materials is 3 points; a minimum of 1.5 points has to be achieved to qualify for GvB.

*In the example, the farm gets 3 points each for pig meat and dairy products (100% on the farm), 2 points for sausages (50% pig meat from the farm, 50% beef meat sourced out of the farm) and 1 point for fruit (75% sourced out of the farm). The average score would be 2.4, which exceeds the minimum required of 1.5.*

##### **\* Scores for qualification and training (Max 3 points; Eligibility threshold 1 points)**

This score reflects the level of training of the farmer: it ranges from 2 points for a farmer having followed a five-days training session to 0.5 point for a farmer having followed an on-line training. One additional point is given to farmers with an agricultural or horticultural degree.

**\* Scores for marketing measures (Max 3 points; Eligibility threshold 1 points)**

This score reflects the diversity of marketing measures implemented on the farm. It ranges from 2 points if more than 9 measures of a menu are implemented to 0.5 point in case 3-4 measures only are applied. The menu of measures includes for example: signposting of farm shop, external appearance of buildings, design of garden and farm yard, design of shop and product placing, waste management, product packaging etc.

**\* Scores for quality of production (Max 3 points; Eligibility threshold 1 points)**

This score reflects the quality of products and their methods of production. It ranges from 3 points where 15 or more measures are implemented to only 1 point when only 9 measures or more are implemented. An organic production certification implies 1 extra point, as well as a reduction in veterinary treatments. The menu of measures includes among others freshness and natural character of ingredients (no chemical conservation, flavour enhancer, artificial aromas), animal husbandry standards and practices (straw bedding, freedom of movement, access to the outdoors, small group sizes, no mutilations like tail cutting or dehorning), arable production standards and practices: GM (genetically modified) free production, integrated production, low-input arable farming, heritage varieties used, livestock production standards and practices: Low growing breeds, heritage breeds, own feed rations, GM free feed, cereals instead of maize; existence of an on-farm abattoir; other environmentally friendly production methods: no fungicides, organic inputs, erosion control, direct drilling, undersown crops, drinking water and flood protection measures, measures to enhance biodiversity (hedges, protection of old orchards, genetic crop diversity), renewable energy use and production, renewable packaging, sustainable building; social responsibility standards and practices: local job creation, integration of family members, specific work climate, local delivery, multifunctional and mixed land use forms, protection of heritage and traditional skills and recipes, social project, etc.

**\* Scores for on-farm processing of plant and livestock products (Max 2 points; Eligibility threshold 1 point)**

The score is related to the share of processing carried out on the farm premises:

- Processing fully done on-farm = 2 points for plant and livestock product
- Processing partly done on-farm = 1 point for plant products and 2 points for livestock products
- Processing in co-operation with artisan processors or other farms = 1 point for plant and livestock products

The farm score is calculated as a weighted average.

**\* Scores for product quality (Max 3 points; Eligibility threshold 1 point)**

The score reflects the quality of the processed products marketed. Compliance to average food standards (e.g. Codex Alimentarius, Austrian wine legislation or own traditional or innovative procedure) gives one point. Extra points can be received for an organic certification on the processed products or a certification as PDO or PGI. Participation in taste tests and awards also results in one extra point.

### \* Total scores

To qualify to enter the scheme the farm has to gain a total minimum score of 7 points for the four first criteria (farm activity and products based) and, where applicable (processed products) 2 points for the two last ones (end products oriented). In addition, they need to comply with the minimum for each criterion. Therefore a farm may have a good score in one area and a lower one in another. In other words, once in the scheme the farm has room for further improvements.

In Austria, a large share of farms are small-scale; the scheme has no farm size limits and also no limitation concerning the legal status of the farm (as long as other criteria are met). It is therefore inclusive. Although the scheme is open to any farm size, one economic outcome according to interviews with institutional stakeholders is, “to make small-scale farming and rural areas more resilient and supply food to the local population at reasonable prices”.

As outlined in the scoring system (see box 4), an important element for the scheme is that major inputs are produced on the farm. This is an incentive to produce a large proportion of own feed for livestock (grass, cereals), although protein imports (soybeans) are accepted, with a priority given to non-GM ones. There is no direct rule applicable to fertilisers, although the premium given to organic production (production of own nitrogen fertiliser) aims to make an impact on fertilisation practices.

Tourism (national and from other EU countries) plays a very important role for direct sales and this can be on multiple levels like farm hotels or B&B's, farm seasonal taverns/pubs (*Buschenschenken*), farm shops, but also through non-food gifts.

The scheme has also penetrated retailers and supermarkets (Figure 17) through so-called ‘*Bauernecken*’ (farmers’ corner) where a space in the supermarket is dedicated to GvB farm products. There are two models: either the supermarket buys produce from the farm and re-sells it or the produce is sold on commission by the supermarket. This area is currently in significant development. As supermarkets are the largest outlets for food in many EU countries and particularly in Austria (3 of the biggest supermarkets account for 85% of food sales in Austria), this is an important development. Labels are much more important in a supermarket as compared to farm shops.

**Figure 17: Product placement in a supermarket chain (*Bauernecken*)**



There are also *Bauernläden* (farmers’ shops), where a farm or group of farmers own and run a local shop in town. Here again the product can be sold by the store or on commission with the farmer’s name on the invoice. Farmers’ shops offer a broader range of local or regional



products, but nevertheless they cannot always compete with supermarkets concerning assortment, opening hours and prices. Despite a renaissance of small food shops, farmers' shops like farmers' markets face saturated demand and societal changes (e.g. smaller household sizes), which are currently having a negative effect on this distribution format. New opportunities are combinations with cafés or pastry shops or sites where people can meet and spend leisure time. In some cases, farmers' shops replace the traditional grocery shop after it has been shut down, sometimes with financial assistance from municipalities to keep village/town centres attractive (Figure 18).

**Figure 18: Product placement in a farmers' run shop in town (*Baurenladen*)**



It is considered that the most important socio-economic impact on the rural economy of SFSCs such as GvB in Austria is that the rural structure with local jobs and many small and/or part-time farmers can continue to exist. More people can live on the land and migration or even commuting (implying traffic demands) from rural areas can be reduced. Given the interest of consumers and the improvement of farmers' communication skills, SFSCs can give farmers a much higher confidence level and self-control. The interest of the next generation in farming and rural life is likely to increase. By working together in direct marketing, associations of farmers can increase their influence. This co-operation is considered as being very effective in Austria creating a well-structured efficient sector.

Major threats to SFSCs in Austria relate to the availability of raw materials, meeting all the legal requirements for food processing, from small-scale and diverse farms and processing units; to their general profitability as benefits from short supply chains do not always compensate the small size of production and the high artisan labour costs. The need to combine skills for three types of jobs (farming, food processing and sales) is also a constraint and successful farms share jobs among family or external workers.

### *iii Looking ahead – what skills, knowledge and resources are required to promote SFSCs ?*

Apart from direct sales as described in the GvB scheme, other types of SFSCs are present and seen as promising, especially supermarket and Internet sales. The area of direct public procurement from farms has not developed much in Austria, mainly as schools or hospital buyers need raw materials in large quantities, which normally is not suited to the majority of Austrian small-scale farms. But good examples exist where farms have specialised in delivering a few specific products to public institutions (e.g. yoghurt in 10 litre containers).

A weakness of SFSCs in Austria is seen to be related to a poor promotion and communication of such schemes. For example, despite the large number of farms involved and the well-organised structure, the total annual marketing budget of the SFSC-scheme 'Gutes vom

Bauernhof' on the national level is only €50,000 per year (with some additional initiatives of the *Länder*). This is relatively small, compared to retailers. This is not necessarily seen as a problem, at the moment, especially as many SFSCs are marketing through local networks, word-of-mouth and use local media for promotion. However, in the longer term, it is seen as a clear weakness and an EU labelling scheme could provide help to reach more consumers more cost effectively. According to several interviewed stakeholders, such a future EU labelling scheme guaranteeing SFSC or direct sales should be simple, graphically well designed and recognisable. National frameworks and certification schemes, local or regional labels should remain in place and be unaffected. It was felt that a benefit of a European legal framework for SFCS could be that it could help countries where there is less experience than in Austria to build their own schemes and could also reinforce some of the existing impact in terms of building the self-esteem of farmers to take marketing under their own responsibility.

To promote innovation and quality, there are annual competitions and food awards in Austria for artisan producers, for example the recent *Genuss Krone* Austria 2012/13 called "Best of Österreich". These awards cover many different products like bread, cheese, sausages and speck, fruit products and fish products. This is seen as one of the best ways to keep quality high and share best practice and knowledge. It is important that the innovation awards are not specifically given only for the implementation of a good idea but also the "the outcome in terms of successful business opportunities for rural communities and farmers".

Training and skills improvement are seen as one of the major success factors for SFSC and hence this work should be given a high priority. The Austrian Chamber of Agriculture has appointed a *Direktvermarktungs-Referentin* (direct sales officer) to lead a project called '*Bildungsoffensive DV 10-11*' (skills offensive for the years 2010 and 2011, to be followed in 2012 and 2013). The officer co-ordinates the training nationwide, with GvB farmers in particular, and works closely with the *Länder* offering training to farmers. The main subjects are hygiene, food legislation, marketing, farm economics, farm succession and taxation; new media like internet and social networks are also covered.

Food legislation was mentioned as a potential legal constraint for SFSCs. Interviewed stakeholders felt that mis-interpretation of EU regulations at national level was causing difficulties. They also commented that it is necessary to constantly monitor the different levels of food legislation and train farmers to keep up with the appropriate legislation. On the contrary, credit and fiscal legal frameworks are less of a concern. Thanks to the local structure of the Austrian banks and the ownership of land by most farmers, the availability of credit is not seen as a constraint. The risks for the banks are limited as they have the security of a mortgage on the land. The flat tax rate ('*Pauschalierung*') regulation is favourable for small-scale farmers and the entry hurdles for small start-up businesses are made easier. However, successful direct sales farms often reach such a turnover that they are not eligible to this reduced tax scheme. The employment costs (social and health insurance, pensions) are still a constraint for farms growing out of family labour and wanting to expand the business.

### **5.2.2 A local case study in Carinthia (Kärnten)**

A particular farm operating in direct sales is described studied below, after a short introduction of its regional context.

#### ***i The regional context***

Carinthia is the southern most *Land* in Austria with a population of 560,000. It has a Slovene minority population estimated between 1-10% of the total population depending on definition

of ‘Slovene’. Klagenfurt (*Celovec* in slovene) is the capital of Carinthia and with a population of 94,000, it is the sixth-largest city in Austria. The farm business studied in the following section is located near Wolfsberg, in the Lavant valley, indicated on map 4.

Map 4: Map of Carinthia and its mountains



(source Wikipedia)

Carinthia is considered as having a higher share of direct marketing farms than other Austrian federal states. Due to the mountainous terrain, the farm sizes in Carinthia are even smaller than the national average. There is a strong tourist focus on Austrian, German and Italian guests. In addition to initiatives present at national level, e.g. the *Genuss Krone* food award promoting high quality local and artisan food from farms, ‘*Genussland Kärnten*’ (pleasure land Carinthia, [www.genusslandkaernten.at](http://www.genusslandkaernten.at)) is a scheme to promote Carinthia's taste and lifestyle to tourists and locals. This scheme is regional and not specific to direct sales or SFSCs and is run by ‘*Verein Kärntner Agrarmarketing*’ an association for agricultural marketing based in Klagenfurt. In 2012, the food award was granted in three product categories: bread, meat specialities and fish. For each product category the overall annual marketing budget associated with it was about €35,000. Another initiative is the ‘*Buschenschankführer*’, a guidebook to local farm taverns/pubs where juice, wine and fruit spirits are served together with local farm produce. Some premises listed, but not all, are members of ‘*Gutes vom Bauernhof*’. The budget for the annual ‘*Buschenschankführer*’ is another €30,000. The region is also characterised by numerous food fairs held across the year. Among those are a ‘May-Fair’ with fresh vegetables and asparagus, a Speck-Fair (bacon fair), a Salami-Fair and a Haden-Fair (‘Haden’ or buckwheat, (*Fagopyrum esculentum*) is a local speciality thought to be introduced by the Hungarian immigration in the early Middle Ages).

The regional Chamber of agriculture is trying to develop public procurement (school milk and juice initiatives) and is involved through marketing and promotion budgets (the guide ‘*Buschenschankführer*’ described above; up to 30% government grants for capital investments supporting on-farm direct marketing). National training strategy is implemented (‘*Bildungsoffensive DV 10-11*’).

## ii Focus on the farm business Anton and Margit Heritzer

The family of Anton and Margit Heritzer has been present in the same village for generations. In 1960 they were one of the first farms to diversify into direct sales due to the small size of the farm, the fact that their fields were scattered around the village and that neighbouring farmhouses and barns confined the farm buildings. Today the farm size is 24.5 ha, of which 8.5



ha are owned and 16 ha rented. The farm is diversified, producing milk (10 dairy cows), beef (20 heads), pork (90 pig finishing places), apples and pears from an extensive orchard. The arable land is mainly used for temporary grass-clover, silage or grain maize, triticale and other cereals. The farm also owns a small area of woodland. Despite being mixed and diversified the farm is not certified organic, but “close to organic” as Anton Heritzer remarks.

The farm has several on-farm processing activities: (i) milk is mostly processed on-farm in cheese, butter and curd-cheese (only few quantities of drinking milk are sold or used in the restaurant), (ii) meat obtained in the on-farm slaughterhouse is processed in sausages and bacon, including on-farm smoking, (iii) sourdough bread and rye bread, and (iv) juice / cider produced in a large on-farm cellar with storage facilities for a year (in order to compensate for the alternate bearing of the trees).

In addition the farm owns a large ‘*Jausenstation*’ (a seasonal farm restaurant), which can cater for more than 100 guests and a small farm shop. It sells on two farmers’ markets in regional towns and a farmer corner in the local supermarket.

**Figure 19: Heritzer farm buildings and fruit orchard**



The Heritzer family is very proud of its products and their diversity. Most of their customers buy their products because of long-term loyalty and knowledge of the production methods. The capacity of the restaurant allows hosting large groups (e.g. tour operators, local groups, weddings, etc.) and this provides an opportunity to gain new customers and keep the locals loyal to the farm. All farm produce is marketed under the ‘*Gutes vom Bauernhof*’ logo, which Anton Heritzer has co-funded. He is therefore a committed and knowledgeable member of the scheme and considers it as cost-efficient for a yearly €35 membership fee. The farm also has its own promotion budget of about €4,000 per year, which is about 1% of the total turnover. The Heritzer family are direct sales professionals. Anton Heritzer is very well connected and head of the *Landesverband bäuerlicher Direktvermarkter Kärnten* (Carinthian Association of Direct Sales Farms) as well as head of the Direct Sales working group for the whole of Austria. He has an active participation in many of the structures existing in Austria to support SFSC,

The Heritzer family sells 100% of its produce locally within a 50 km radius to an existing network of about 1,000 customers, plus the visitors to the farm restaurant. In addition to the restaurant, the two farmers’ markets and the farmer corner in the local supermarket represent the bulk of their sales while the farm shop is less important. They use the Internet for promotion and social networking but not for selling, because they are in general short of produce. In this context, the farm has already enough established markets and only minor adjustments are necessary.

Despite the farm's location in the Lavant valley, one of Austria's prime tourist areas, tourism only accounts for about 20% of the farm sales. There is an obvious potential for expansion to increase sales and get more tourist and travelling groups in the restaurant. Getting enough coaches or local events to fully use the capacity (100 seats) of the farm restaurant is an important concern. On the other hand, relying too much on tourism increases risk of fluctuations in demand and having a strong local market at home is considered as a more secure option. The business also tries to source locally for building materials and other inputs including accounting and tax advice. The constant on-farm investment in storage and processing facilities and equipment is also important as it keeps production costs as low as possible within the artisan methods used. The eldest son and farm successor is a trained builder and carpenter and much of the capital investment benefits from in-house labour.

Educating children and school visits to the farm are another important part of social impact with the region. As the farm is diverse, children can learn about many different farm and food processing activities on one single farm. The restaurant also features regularly as a meeting room for local clubs and associations like, fire-fighters, rural crafts, folk dance, faith groups, hunting parties, sport and music clubs.

Animal welfare does not seem to be a major concern for customers. They can see the animals, which, because they are permanently housed, would not meet the requirements to be certified under organic production standards or free-range standards. In contrast, the environmental impact seems to be a more important issue for clients of the farm: the farm has solar panels for hot water in the slaughterhouse, collects rainwater and uses its own well. It has also invested in high levels of insulation and uses very little transport. The woodland is used for timber and as a renewable heat source.

Anton Heritzer says that one quote he picked up from an old farmer sums up this situation very well: *"We were so far behind, that we are now in front again"*. Direct marketing and on-farm processing has given small farmers more self-esteem as they are producing something both traditional and modern. They are proud of it and want to preserve and develop it further.

Mr Heritzer is in favour of an EU logo for farm-based direct marketing. Although the Heritzer family have a small-scale farm, he thinks "it should not be size specific, but guarantee direct marketing (zero or short chain) and farm-based regional rural business with a face". In his opinion it is important that "raw materials are also sourced from the farm or neighbouring co-operation of farmers. The EU should invest in marketing for such a scheme and promote the idea across all member states. SFSC schemes should be supported by rural development funds, as they are important for maintaining livelihoods in rural areas."

### **5.2.3 Consumer Attitudes towards SFSCs in Carinthia (Austria)**

A consumer focus group was held in Chamber of Agriculture of Carinthia in Klagenfurt.

**Figure 20: Consumer focus group at Landwirtschaftskammer Klagenfurt**



### *Sample profile*

The panel of 11 consumers<sup>17</sup> was mixed in terms of age and other characteristics shown in the table below. Most participants (7) were female, 9 lived with partner, and 6 are married. 7 had children and 8 live close to Klagenfurt, a town of 94,000 inhabitants. In total 8 had already used direct sales in some form, while 3 had not. There was one committed organic products buyer while the others were dabblers or unaware.

**Table 31: Sample Profile**

No.	Age (years)	Female/ male	With Partner	Married	Children	Number of children	Address regional	Direct marketing used	Organic only used
1	63	1	1	1	1	2	1	1	0
2	63	1	1	1	1	4	1	1	1
3	40	0	1	0	0		0.5	1	0
4	42	1	1	1	1	1	1	1	0
5	45	1	1	1	1	3	1	1	0
6	24	1	1	0	1	1	1	0	0
7	26	1	0	0	0		0	1	0
8	62	0	0	1	1	3	0	0	0
9	28	0	1	0	0		1	1	0
10	26	1	1	0	0		1	1	0
11	52	0	1	1	1	1	1	0	0
average		42.8				2.1			
percentage		64%	82%	55%	64%		77%	73%	9%

### *i Attitudes and behaviour towards SFSCs*

The term SFSC was explained, but it was concluded that its German translation is not a commonly used and easily understandable combination of words. Therefore the terms ‘direct marketing’ and ‘buying direct from a known farm’ were used as an alternative.

<sup>17</sup> The panel was composed by a snowball approach (each pre-selected person asked two colleagues / friends to join). The panel was organised in the early evening in order to exclude full time employed workers and allow family with older children to bring them along.

During the introduction 8 participants said they have already used SFSC or 'direct marketing' for their shopping. Only two types of chain were concerned: 'farm shops' and 'farmers' markets': 5 consumers bought at farm shops and 5 only at farmers' markets (2 of them from both). Of the 3 other consumers not using SFSC, 2 were male, and 'lack of time' and 'having no thoughts about the direct marketing concept' were given as reason for not using it.

On average, about 20% of the purchases of clients of SFSCs were obtained through direct marketing, with large seasonal fluctuations. This share is also highly variable depending on the person concerned (from a very small share to 100% of the purchases). The major product groups bought through SFSC are bread, vegetables and various meat products such as beef, pork, lamb and poultry.

Panel members explained that they were using SFSCs for a set of reasons: controlled and certified produce, freshness, direct contact to the farmer ("a person with a face"), local provenance and price. General overcrowding in supermarkets and a faster act of purchase were also arguments given in favour of SFSCs.

The main reasons for not using SFSCs were related to lack of signs, lack of accessibility, small assortments, higher prices and difficulties to transport goods home (e.g. having no car to access rural farm shops). Further reasons were given against online SFSCs: uncertainty about delivery times, fear of transport damage, etc. Produce being close to their best before date (e.g. eggs) is another fear expressed.

## *ii Attitudes towards local products in supermarkets and internet sales*

As described earlier, in Austria, there are farmers' corners in certain supermarkets. None of the panel members mentioned them at the beginning of the exercise. Farm shops (on a farm) and farmers markets were the only SFSCs panel members named spontaneously. When asked about supermarkets farmers' corners some of the consumers said they also used them and all thought they were a good idea, which does not compromise other SFSC outlets. The design of the farmers' corner with wooden shelves and separate labels was considered good, the price was considered to be higher compared to other products. Some buyers mentioned they first knew the product from a supermarket farmers' corner and then went straight to the farm shop for subsequent purchases. For them it was important that the address of the farmer is labelled on the product in order to be able to make the direct connection.

Internet sales were not mentioned to be used in general for food purchase, except for ordering wine online. When asked about using the internet and direct sales, panel members saw the main advantage to be having information on producers, finding local producers and sales outlets, but not actually buying food (due to fears of uncertain delivery and of transport damage).

## *iii Attitudes towards food labelling*

Labelling clearly had an important role for the panel of consumers, together with other indicators like smell, exterior quality / appearance, price, "word of mouth". Some consumers claimed they read food labels in detail especially when shopping for children. The main labels /logos mentioned spontaneously were "GM free", "free of E-numbers" (as nobody can understand them), "organic production" and "direct marketing logos".

Four logos were shown to the panel members ('AMA' logo, 'Fairtrade', 'Gutes vom Bauernhof' and 'Bio-Austria'). The best-known logo was the 'AMA' logo (AgrarMarkt Austria Marketing). It has a large marketing budget and refers to Austrian made products from

Austrian ingredients. However there was a large level of mistrust into the claims made by AMA and what the logo actually stands for, although the logo itself is successfully established. The 'Fairtrade' logo was considered by all as the best-designed logo indicating what it stands for and universally recognisable with the English words fair and trade. However, there was strong mistrust what it actually stands for, in particular whether it included any environmental or organic credentials or even whether trade was 'fairer' with a product carrying the logo. The SFSC logo 'Gutes vom Bauernhof' was less well known than the two previous ones and it suffered from the similar mistrust as the one placed in the 'AMA' logo (suspicion of raw ingredients coming from outside the country). The design of the logo resulted in mixed feelings, being quite overloaded with small details and difficult to see when small, with a poor connection to the message that 'Gutes vom Bauernhof' is a controlled and certified SFSC, but on the other hand with a recognition of the Austrian farm in green and of the Austrian flag in red. The organic 'Bio-Austria' logo was considered to have the poorest design and was not the least well-known logo. However organic buyers trusted it, while non-buyers connected it with high prices and lack of control.

#### *iv Attitudes towards the Role of the EU in SFSC and direct marketing*

When asked about the potential role the EU should play in promoting direct sales, the group gave mixed reactions. The view that in general the EU should regulate less and should not erase differences between cultures. Regional specificities should be supported by the EU and long transport of food should be better regulated. The EU should also support more information given to the consumer and strengthen consumers' position against retailers and large businesses. An EU logo for SFSC could therefore be helpful especially as current logos all have shortcomings. It should guarantee local production and local provenance of all key ingredients.

#### **5.2.4 Conclusions from the Austrian case study**

The respondents consulted in this case study are broadly in favour of active EU support for SFSCs. This includes the introduction of a labelling scheme, which should address some of the weaknesses identified with the current labelling systems in place in Austria. There is however a strong fear of over-regulation or levelling out of cultural differences; therefore a supporting role seems to be more desired than an enforcing role.

The rationale for an EU wide logo from the Austrian perspective includes:

- Although countries like Austria (and some other EU member states) already have SFSC labelling and certification schemes in place, they have by no means reached all their consumers and their marketing and promotion budgets are small;
- In the Austrian case, they can only reach a limited market (a population of 8.5 million) while the EU can reach 500 million people to promote and protect the idea of SFSC. In addition, for small and tourist countries, a significant percentage of consumers are from other EU countries, for which an EU harmonised message or scheme could ease the identification of SFSCs products;
- An EU wide scheme would help countries without a national scheme - if they wanted to set one up (voluntary option);
- EU regional and rural funds could support SFSC directly, once they are clearly defined and/or certified, to improve the rural economy and protect the artisan food structure;

- The hope expressed by key people interviewed is that an EU logo for SFSC could become as well-known as other quality schemes and protect smaller farms and rural landscapes through the marketplace for decades to come

### 5.3 FRANCE

#### 5.3.1 French national context: 'circuits courts'

##### *i Scale and Significance of Circuit Courts in France*

There are 527,000 agricultural holdings in France covering 27,476,930 ha of land. There are over 804,000 employees within the industry which is dominated by cereal production. It is known that 88,600 farms took part in direct sales in 2005, and these enterprises accounted for 26.1% of the agricultural employment in France. Producers markets in 2007 involved over 1,000 enterprises and 100,000 consumers (Ministère de l'Agriculture et de la Pêche, 2008). SFSCs are known as '*circuits courts*' in France<sup>18</sup> (direct translation: short circuit).

However, as noted earlier, *circuits courts* are not limited to direct sales, and more recent data from the 2010 agricultural census (Agreste 2012) reveals that 21% of farm businesses – some 107,000 enterprises - sell some of their produce through *circuits courts*. Vegetable and honey producers are the most engaged in this type of distribution and the density of *circuits courts* is highest in the South-East and overseas regions. In general, farms using *circuits courts* are small-scale but have a larger than average workforce. On-farm sales are the principal type of *circuits courts* in operation.

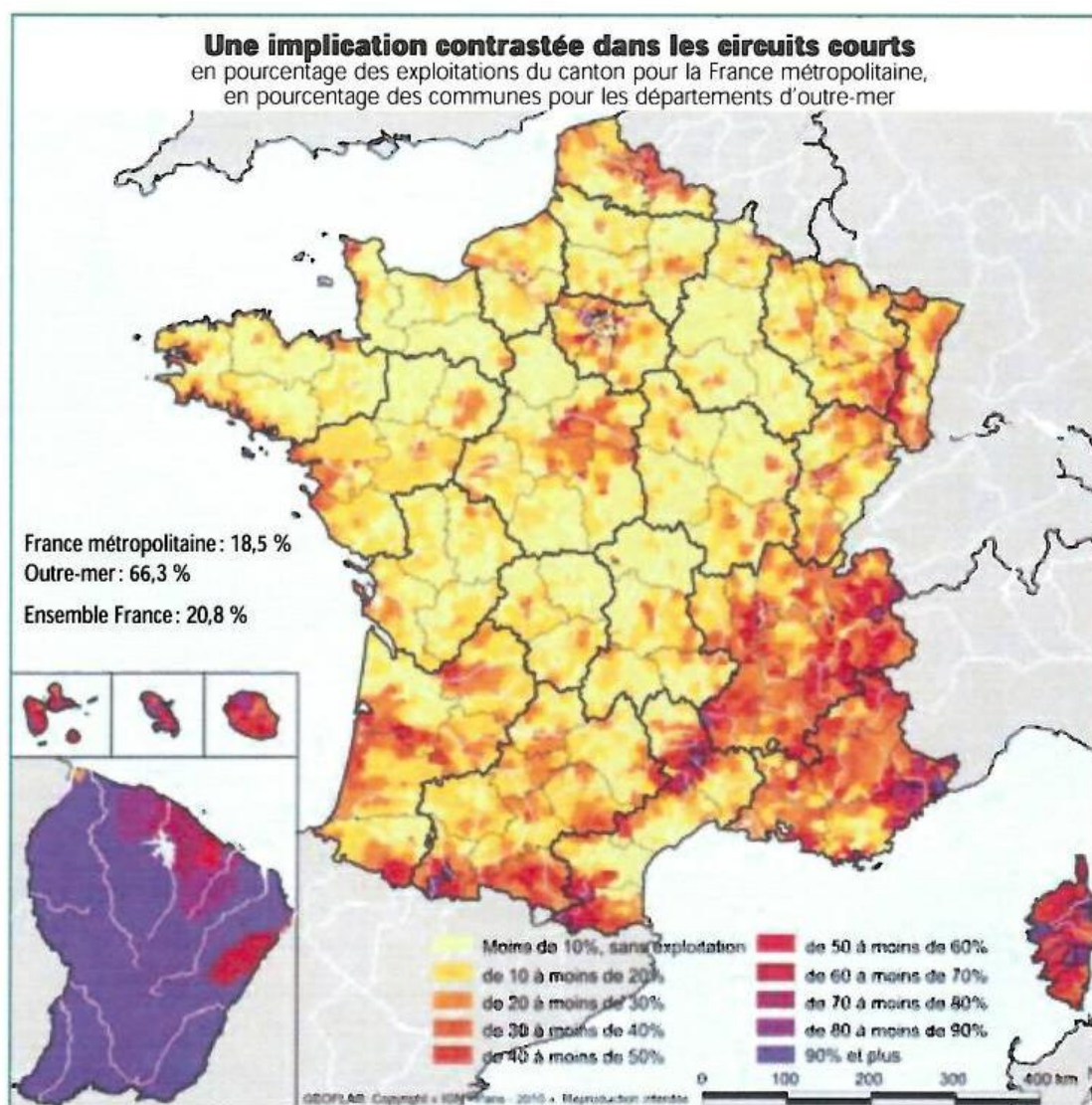
*Circuits courts* are actually more concentrated in the less productive agricultural regions. In the most agriculturally productive regions, farmers often work in producer groups and co-operatives and these are traditionally oriented towards long supply chains. In the wine producing region of Languedoc-Roussillon, for example, the co-operative sector plays an important role and only 11% of producers choose *circuits courts* compared to 67 % in Central France. Also, for fruit production, in the regions of large scale production such as Provence-Alpes-Côte d'Azur, Languedoc-Roussillon, Aquitaine and Rhône-Alpes, the proportion of farms selling through *circuits courts* is smaller than in the less productive regions such as Ile-de-France or Nord-Pas-de-Calais (Figure 21).

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<sup>18</sup> For this reason, the term 'circuit court' will be used in this case study

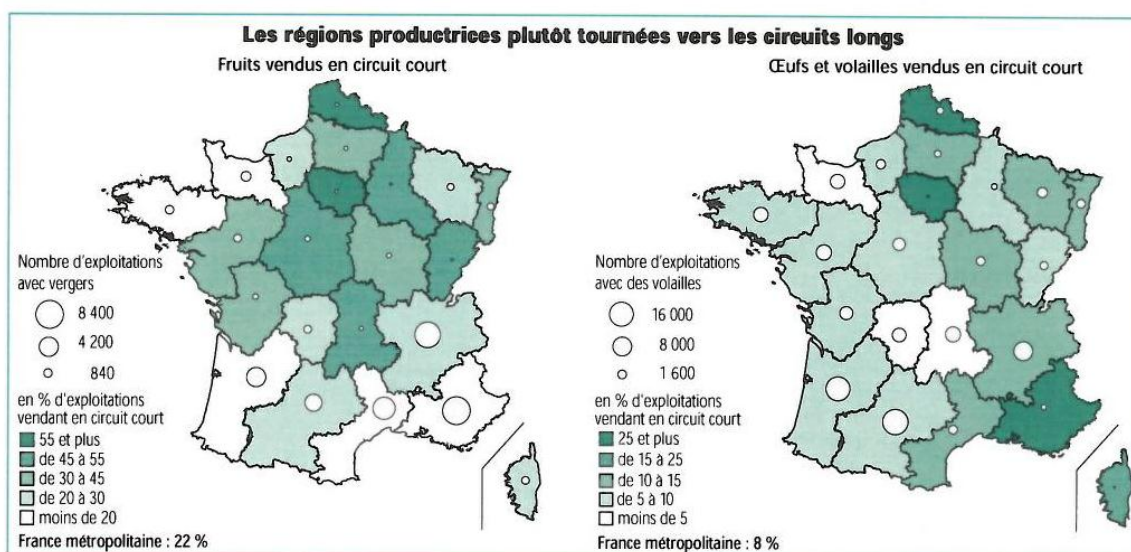


**Figure 21. Geographical distribution of SFSCs (% of holdings involved in SFSCs)**



Source : SSP – Agreste – Recensement agricole 2010 - résultats provisoires

**Figure 22. Production regions focus on long chains (fruits / eggs and poultry)**



Source : SSP – Agreste – Recensement agricole 2010 - résultats provisoires

The farms involved in *circuits courts* are in general smaller than those involved in longer supply chains, especially in the vegetable sector. In contrast, large wine producers are more likely to use *circuits courts* (those who sell through *circuits courts* have an average farm size of 26 hectare compared to 20 hectare for the rest of the growers).

There is some ambiguity about the contribution of *circuits courts* to turnover. Excluding wine production, for 40% of enterprise distributing via *circuits courts*, this type of sale represented more than 75% of turnover. For 30% of enterprises, however, *circuits courts* make only a negligible contribution. There is a higher than average representation of organic producers amongst those involved in *circuits courts*. 10% of those who sell at least one product through *circuits courts* are organic, compared to 2% of those who use other distribution methods. 7% of producers engaged in *circuits courts* envisage a conversion to organic in the next 5 years compared to 3 % for the rest of the producers. In addition, many farmers describe their methods as being close to organic, even if they are not certified to EU organic standards (Agreste 2012).

Producers using *circuits courts* are also more likely to diversify than those who are not (26% compared to 8%). The diversification revolves around processing and tourism/hospitality. The average age of farmers using *circuits courts* is 49, compared to 52 for those using only long chains. Apart from honey and vegetables, farms using *circuits courts* have a higher workforce than the average.

## **ii Institutional support to SFSCs in France**

Although SFSCs are not new in France, they have generated considerable public, policy and research interest over the last decade, not least because consumers have become increasingly interested in the social, environmental and ethical dimensions of agriculture and food systems and also because institutions have recognized their role in relation to territorial development and environmental management. A number of regional and local level studies have been undertaken, such as the SALT project (Systèmes Alimentaires Territorialisés) which examined SFSCs in Brittany (for a useful collection of studies, see Maréchal 2008).

SFSCs are widely understood according to a nationally recognized definition, proposed in 2009 by the Agriculture Minister, Michel Barnier. According to this definition, a *circuit court* is characterised by no more than one intermediary between producer and consumer. The geographical distance between consumer and producer is not taken into account because of a desire to include producers far from consumer markets who nevertheless wish to access those markets. In cases where the producers and consumers are in the same region, the term *circuit court de proximité* is used, and many regions in France are emphasizing this form of supply chain.

Importantly, the concept of *circuit court* moves beyond the case of ‘direct sales’ from farmer to producer and encompasses shops, restaurants, school canteens and enables intermediaries and collective groups to become more involved in the development of *circuits courts*<sup>19</sup>.

At national level, there has been clear policy interest in supporting *circuits courts*. The ‘Barnier Plan’ outlined four principle actions (Ministère de l’Agriculture et de la Pêche, 2008): (i) Produce and disseminate knowledge about *circuits courts*; (ii) Support producers wishing to operate *circuits courts*; (iii) Improve the training of producers in *circuits courts*, and (iv)

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<sup>19</sup> Source : <http://www.manger-local.fr/circuits-courts/qu-est-ce-que-les-circuits-courts>



Organize and promote *circuits courts* (with a debate around the notion of a ‘national charter’ for *circuits courts*).

Whilst the action plan recognizes that *circuits courts* at the local level are not necessarily easy to scale up and are marginal to the total agricultural production and distribution, it argues that they still have important development potential because they can contribute to sustainable development, territorial management and relationships between towns and countryside.

The French Rural Network has adopted *circuits courts* as a priority action, recognizing them as a ‘vector’ of territorial development and aiming to diffuse best practices throughout the EU. It has already assembled a number of local case studies<sup>20</sup>. The National Food Programme has also supported *circuits courts* through an emphasis on collective catering as in schools, for example. In addition, the recent Agricultural Modernisation Law permits canteens to buy their food directly from producers or groups.

### iii Two national cases : MPP and BF

There are two national labelling schemes: *La Marque Marchés des Producteurs de Pays* (MPP) and *Bienvenue à la Ferme* (BF), both of which have been developed by the Permanent Assembly of the Agricultural Chambers of France (APCA). Both schemes have operated since 1988 and provide precise rules as to which products and producers may use the labels. Both are concerned with guaranteeing that products are produced and processed by identifiable farmers using a defined proportion of ingredients from a named farm. The 2 schemes are for farmers only (retailers, for example, cannot participate). Producers have to prove that they are really farmers by showing their farm administrative documents. BF is a scheme which encourages consumers to come to the farm to buy direct, whereas MPP is a scheme which certifies markets.

Figure 23. Labelling Schemes - *La Marque Marchés des Producteurs de Pays* and *Bienvenue à la Ferme*



<sup>20</sup> available at <http://www.reseaurural.fr/gtn/alimentation-agriculture>

6,100 farmers are part of BF and over 50% of the population know the label (APCA, 2009). According to the survey, people associate BF with quality, good relationships with farmers, and a good experience with nature (discovering farms, animals, plants etc).

There are rules regarding the origin and the transformation of the products, the marketing and labelling, and conditions and requirements to host consumers on the farm. The producer has to pay an annual fee to secure the label, but will in return receive training and advertisements required for the farm. In order to use the label the farm has to meet the following formula:

Figure 24: Formula to Meet BF Criteria

Rate products <i>BF</i> =	$\frac{\text{Amount of turnover of farm product sales operations}}{\text{Amount of turnover of sale of all finished products including 'purchase / resale'}}$
	> 51%

\* The following are considered as 'farm products': the products (1) for which the main ingredients<sup>21</sup> are exclusively from the farm, (2) for which the processing is done by the producer or under his/her responsibility, (3) for which the method of manufacture is not industrial and (4) for which traceability is guaranteed.

There are a certain number of other conditions to respect:

- \* A 'purchase / resale' product has to be a type of product which is not produced on the farm.
- \* The farmer adhering to the BF specifications "Farm products" undertakes to market a part of its production through direct sale
- \* Labels should include the names of all producers of the main ingredients which make the product and the name of the transformers.
- \* For unprocessed (type fruits and vegetables), the origin of the products should be clearly mentioned for consumers at the point of sale.
- \* The farmer must agree to accommodate customers to visit the farm at least one day per year (open day, special event...).

MPP is a trademark, property of the APCA. The aims are to develop local economies by building relationships between producers and consumers from the same region, to valorise farm products and farmers' knowledge, and to preserve rural landscapes. The charter of MPP is a guarantee for consumers that the products they buy come from the producer's farm. MPP is a market, a place where there are only producers from the province ('*département*') and neighbours. Markets can be organized by the local *Chambre d'Agriculture* or local authorities. An approval for the organisation of the market has to be accepted and renewed each year. It can be an all-year-round market, a seasonal one, or even just for one day. The brand MPP has to be promoted by producers at the market (using the logo and without changing the size or the colour).

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<sup>21</sup> Meat, fish, cheese, vegetables, fruits, mushrooms, snails; also eggs, honey and dairy products if they are 'highlighted' in the final product

The *Chambres d'Agriculture* have a specialist who is in charge of checking that everything conforms to the charter (market organisation and producers). They provide the MPP brand and the logo for free; however for producers an annual fee has to be paid as well as a contribution for each market. But the *Chambres* also advise farmers, and advertise their activities.

### 5.3.2 A regional context: Languedoc-Roussillon

Languedoc-Roussillon is the central region of the south of France, with Mediterranean climate and a population of 2.6 million; its capital is Montpellier. Tourism is a major activity, especially on the coast which is characterised by sandy beaches. Languedoc-Roussillon is the largest wine region in the world with a vineyard of nearly 240,000 hectares, 20,000 wine producers and 2,500 wine cellars. The mountainous hinterland is more focused on extensive livestock productions. The region has begun converting its vineyards (60,000 ha of vineyards have been abandoned or grubbed up in the 10 last years); more than 6% of the vineyards are now farmed organically (Agence Bio, 2012). 6.4% of the holdings are already certified under organic production and the intention expressed by farmers might result in 13% certified by 2015 (Agreste, 2012). Regarding wine production, Salies and Steiner's (2011) study, which focus upon three regions in France, including Languedoc-Roussillon, highlights the problem of 'sustained wine surplus' and over-production of lower quality wines.

#### *i* 'Circuits courts' in Languedoc

According to recent data from Agreste (2011), in 2010, 6,100 farmers (1 in 5) in the region sold their produce directly to the consumer or via one intermediary. This is similar to the national data. Because of the dominance of viticulture in the region, wine producers are the most likely to sell through *circuits courts* in absolute terms but the actual proportion of wine marketed through *circuits courts*, at just over 10% is lower than the national average of about 25%. This is largely explained by the fact that many producers in the region are large scale and their wine is either exported in long chains or retailed through large supermarkets. In terms of the proportion of total production sold through *circuits courts*, this is higher for honey and vegetable producers. Over half (56%) of honey producers use *circuits courts* (slightly higher than the national average) and 46% of vegetable producers use *circuits courts* (similar to the national average).

Mirroring the national trend, in terms of types of *circuits courts*, the most common type is on farm sales. 64% of those who sell through *circuits courts* use on farm sales. In second place is sale at markets (32% use this method). Next, 24% retail through butchers and grocers. Delivery schemes are rare – only 130 producers reported their use.

Farmers in *circuits courts* are often younger producers with an average age of 48, using a larger workforce because it is necessary to produce, process and then sell the goods. On average the producers using *circuits courts* employ 2.25 Full time equivalent (FTE) compared to an average of 1.38 for farms in the region. This is most notable with wine producers using *circuits courts* who employ 3.1 compared to 1.3 FTE. It is not true of vegetable producers, who employ 2.2 FTE compared to the average of 2.5 for vegetable producers in the region; this is because it tends to be smaller farms involved in *circuits courts*.

The size of farm using *circuits courts* varies but with a tendency for smaller farms to be involved in milk products, eggs, poultry, honey, vegetables and to a lesser extent, fruit. This is most noted amongst milk producers – where those selling through *circuits courts* have an average size of 50 hectares compared to the average size of 110 hectares for that sector. This trend is reversed in the other livestock and wine sectors. Notably, wine producers who sell

through *circuits courts* are on average double the average size (33 hectares compared to the average 15 hectares). 41% of those who sell through *circuits courts* are classified as large producers.<sup>22</sup>

Producers who use *circuits courts* are more likely to diversify (27.5 % of them, compared to only 5.5% of those who use long supply chains).

*Circuits courts* often contribute an important proportion of turnover, especially for honey producers in the region. For 60% of them, sales of honey through *Circuits courts* accounts for more than 75% of their turnover from honey.

## **ii Institutional support to 'Circuits courts' in Languedoc**

Within the region of Languedoc-Roussillon, there is evidence of a substantial amount of institutional activity in support of *circuits courts*, with the regional and 'départementale' *Chambres d'Agriculture* playing an active role in promoting *circuits courts* through farmer training initiatives and assistance with marketing and promotion of *circuits courts*.

The Regional Committee for Food (CRALIM- *Comité Régional de l'Alimentation*), which is responsible for developing a regional plan for food and nutrition, within the framework of the National Plan, is also promoting *circuits courts*. Its current plan (2012) consists of 6 axes, all of which are relevant to *circuits courts* in different ways: (i) Develop organic agriculture; (ii) Support SFSCs; (iii) Educate young people to eat well; (iv) Improve the quality of 'collective restauration' (e.g. public catering, canteens, hospitals); (v) Improve the diet of disadvantaged people, and (vi) Inform consumers to promote culinary heritage.

The regional office of the national network of *Centres d'initiatives pour Valoriser l'Agriculture et le Milieu Rural* (CIVAM) is also active in promoting *circuits courts* in Languedoc-Roussillon through training for farmers, awareness raising about *circuits courts* and local workshops.

A number of these institutions, plus INRA, worked together with funding from FEADER to launch a website in 2011: 'Manger-local', which not only provides information to help people understand what *circuits courts* actually are, but also enables consumers to identify exactly where they can buy local produce through *circuit courts*. Producers who are listed on the site must respect the site's charter and sales through *circuit courts* must either account for at least 51% of their turnover, or they must be members of a producer group consisting primarily of producers from the region.

As well as the local chambers of agriculture, the study identified an example of a group of municipalities collaborating to promote *circuits courts*. The Communauté d'Agglomération Hérault Méditerranée (CAHM) has, since January 2011, aimed to promote the area through its typical products and this has included a commitment to guarantee the quality of its agricultural products and develop agri-tourism. The territory sees its population swell from 70,000 residents in winter to 300,000 in the summer so tourists are important and the permanent residential community (from other French regions, UK or other countries) also creates demand for locally sourced food products. It has undertaken to develop *circuits courts* in order to maintain local agriculture. The activities thus far include several studies with local producers and consumers, plus an initiative to install young farmers on 15 hectares of land to produce organic food with

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<sup>22</sup> Production Brute Standard of 100,000 Euros.

the longer term aim that this should supply a school canteen. They have also launched a new box scheme which is delivered to the local train station and is promoted by the rail company. They are working on a scheme to provide fruit for children's breaks at school and also active in promoting local markets and festivals.

### *iii Challenges to 'Circuits courts' in Languedoc*

A number of common themes emerged from the interviews with institutional stakeholders, regarding the skills and resources needed to develop *circuits courts*, and the role of the EU.

Several respondents felt that there is a need for more research, especially on the social impacts of *circuits courts*. Also, although there is comparatively more data available in France than in many other EU countries, institutional representatives still felt that more information on economic impact was needed.

All respondents suggested that there is a need for training for producers in the skills required for communication and marketing of their produce. It was recognized that developing *circuits courts* is by no means an easy route for producers – it requires multiple skills and farmers have to be simultaneously producer/processor and sales person. It can generate difficulties for farmers with a small workforce who have to split their time between these three activities.

All respondents identified a problem with 'false producers', or fraud, due to the many roadside stalls selling cheap fruits and vegetables which is often not locally grown but is in fact bought from long chains (e.g. wholesale markets) and consumers often do not realise the difference.

Many respondents argued that collective initiatives are vital and will be increasingly so in the future, especially because they are a mechanism for small producers to service collective catering outlets such as schools. There are many logistical and organisational barriers to overcome.

Some respondents mentioned the problem of access to produce from *circuits courts* for lower income consumers and argued that they would like to see access broadened out to all sections of society.

Regarding the idea of an EU label for produce from farms, there was interest in this from all the institutional representatives, and also some common ideas about how such a label should best operate: the label should enable farmers to receive a fair price for their goods. It will not work well if the costs of labelling are too high for farmers or consumers. The label should not necessarily be for the type of product, but for the type of supply chain. A label would be useful to help prevent fraud. Any proposed label has to win the trust of both producers AND consumers, or else it will fail. Several respondents felt that it would be best to follow the model of participatory guarantee schemes. Some respondents did point out that there are already so many labels for consumers that adding another may only cause confusion.

### *5.3.3 A concrete case study in Languedoc - Terroir Direct*

#### *i The scheme : Terroir Direct (TD)*

TD was initiated in 2000 by a university graduate who had trained as a local development 'animateur' and became the first Director of TD. He was motivated by a desire to link urban and rural populations and support small scale producers, particularly from his native *Cévennes* – a mountainous area, covering parts of *Ardèche*, *Gard*, *Hérault* and *Lozère*. The current

President is a beef farmer from *Cévennes* who also has higher level qualifications in mathematics and science.

**Figure 25: a typical landscape of Cévennes**



TD aims to create a link between the producers and consumers so that the latter get really fresh food all year round and the former are properly paid. To begin with, TD only covered a small area, and about 10 producers were involved. The producers gradually began to take over more of the management of the initiative and today there are 60 regular suppliers and the scheme is managed by a board of 4-5 producers and consumers. The President noted that the consumers had played a vital role in the development of TD – they are knowledgeable and have a diversity of skills – including professional marketing expertise, which has proved invaluable.

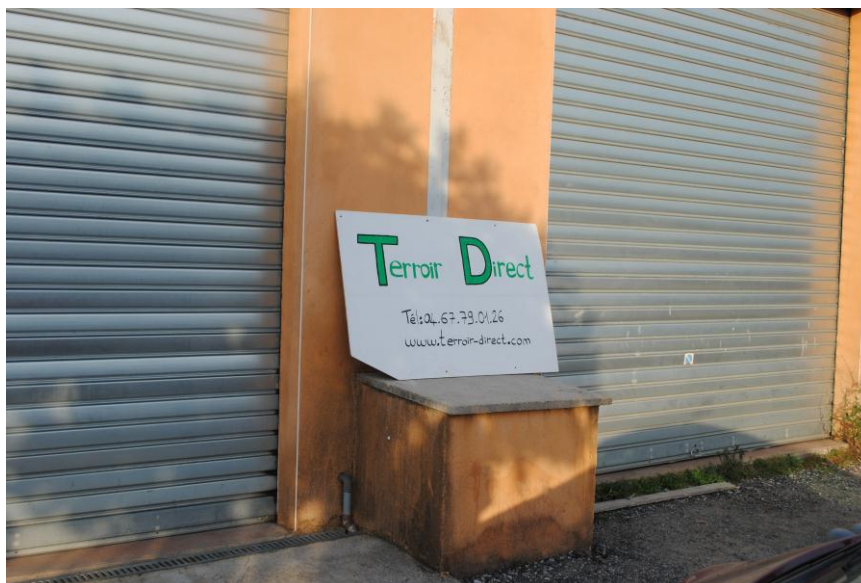
When TD began, internet sales of local foods were still in their infancy. The project began with no capital investment and in the beginning, those involved lost money. The Director had to work for 2 years without salary and producers were often paid late. The founders had to develop a workable structure and they learned from experience. By 2007 they had developed some good logistical tools but the 2008 economic crisis had a serious negative impact and forced a re-organization of the scheme which was described as ‘traumatic’ for those involved. They had to reduce prices in order to maintain their consumer base. Some members left and some employees had to be made redundant in order to cut back on the running costs (for example, cutting accountancy fees from 36,000 to 6,000 Euro per year). At the time of our study, TD was described by its founder as now being in the final stage of re-organization. In his view, the producers who had stayed with TD through some difficult times had a “real spirit of enterprise.” Similarly, the President described TD as now being in its ‘adult’ phase, having finally achieved profitability.

In terms of external support, they received some funding to employ young unemployed people but they could not sustain this and they needed more investment in infrastructure. They received some financial assistance from the regional authorities to build a cold store and LEADER funding to conduct market research. The local Natural Park (of *Cévennes*) and local authorities of *Gard* and *Lozère* also contributed some financial assistance. The local Chamber of Agriculture has provided technical assistance.



The way the scheme works is that consumers place their orders any time between Friday evening and Tuesday 14.00, either via the website or phone. Their bag of produce will then be assembled and deposited at one of 15 collection points on Thursday or Friday of the same week.

**Figure 26: The main distribution centre at Terroir Direct**



One of the major challenges for the scheme has been the logistical difficulty of assembling unique customer orders using produce from a large number of small producers spread over quite some geographical distance. In the early years the project used its own truck to collect the produce from all the producers but the 150km round trip that this entailed proved too expensive so now producers have to make their own deliveries to a central warehouse. From there, a distributor takes the produce to different collection points. The collection points are at shops, restaurants, bakeries, wine cellars, farm shops. TD saved 26,000 Euros by changing the delivery system.

A second challenge was how to manage cash flow despite fluctuations in demand and they have achieved this by arriving at an agreement to pay the producers a regular amount each month.

A third challenge was the development of a website which is sophisticated enough to manage all the orders and payments and this required considerable IT skills, including software development. Whilst such web-based schemes have become increasingly popular and successful, it has to be remembered that when TD began, such initiatives were still in their infancy and so TD developed many processes from scratch. TD is also different from many other such web-based delivery schemes because it is a producer-consumer co-operative, whereas other examples are established or managed by intermediaries.

## **ii            *The produce and the producers - 'Mangez Bon et Local'***

TD provides consumers with the opportunity to choose from about 400 products. The emphasis is very much on 'ultra fresh', quality produce and 80% of the food is sourced from the local *Cévennes* area and neighbouring ones such as *Aveyron* or *Camargue*. The rest of the food is farm produce, often organic, from outside the region. So for example, consumers can also choose fair trade and /or organic produce which cannot be sourced in the region (e.g. organic citrus fruit from Italy or Spain, Fair Trade organic chocolate from Bolivia). About 50% of the produce is organic, the rest is described as 'fermier' (farm) or artisanal. The promotional literature emphasizes the still under discussion concept of 'économie solidaire' (solidarity economy), featuring 'respect for the environment', 'fair trade with small scale regional farmers', sustaining 'traditional knowledge' and a commitment to indicate food origins on the internet.

The majority of producers are family farms operating on a small scale, with less than 5 employees. According to the founder, the key requisite for their involvement is to demonstrate a link to their territory ("*rapport avec le territoire*"). The personnel of TD visit all their producers to ensure that their practices are in keeping with TD's values. During the study we visited two of the producers; whilst their farm size differs enormously they share an approach to marketing whereby multiple routes to market are used and in both cases the business, whilst small, is quite complex. Further information on these two producers can be found below in boxes 5 and 6.

### **Box 5: Puech Séranne (Laurent Senet) in St-Jean-de-Buèges (Hérault)**

Laurent started farming after completing higher education in mathematics and science and working in the US before returning to his home in the *Cévennes*. He explains that he runs 3 activities: farming, processing and Terroir Direct (as President of the scheme). He raises 330 *Aubrac* cattle using traditional practices of transhumance. His farm covers over 2,500 hectares of mountain pasture. His beef is not certified as organic, even though he does farm on principles which could be described as organic. He explained that there is no point seeking the certification because there is no certified organic abattoir nearby and in any case he sells everything that he produces. The certification would cost him 8-10,000 Euros and would mean he would have to increase the price of his meat. He explained that his consumers already trust him and hence certification is not required. His principal aim is to raise his produce using traditional, sustainable methods and to sell and process locally. In fact, his commitment to the local food system is so serious that he supports a small local abattoir even though it's more expensive.



The meat is processed at his own premises in the small village of Saint-Jean de Buèges. He sells 20-25% of his meat through TD and also operates his own farm direct deliveries in the Nîmes and Montpellier areas, which includes sales to local restaurants. Orders can be made by telephone, Email or on the website. The aim is not to keep increasing profits, but to live a sustainable livelihood.

#### **Box 6: Bruno Planiol in Lecques (Gard)**

Mr and Mme Planiol run a 14 hectare family farm which has been run on organic principles since 1976. The farm is a GAEC (Agricultural Group Operating in c

Common – one of several types of farm structures in France) and is headed by two brothers, Bruno and Jean-Luc, who took the full responsibility for the farm after their father in 1992. They grow a range of organic vegetables, fruits and vines. About 10% of their fruit and vegetables are sold through Terroir Direct and the rest is split evenly between small shops and local markets. The Planiols became disillusioned with working in long chains with retailers and over the past decade they have preferred to sell locally and to have direct contact with their consumers. All of the fruit and vegetables are sold through *circuits courts* but the wine is not. They employ 8 people, all year round. The Planiols were appreciative of the work of CIVAM Gard on the development of *circuits courts* which had helped them to be able to move gradually from wholesale to a proximity sale "that allows a better recognition of our work".

They do have organic certification but feel that another logo is not needed: in their view, the organic label coupled with *circuits courts* ensures "100% transparency" to consumers. In fact they were resentful of all the costs imposed by the certification, and argued that 'non-organic' products should actually be certified because environmental damage should be paid for by those causing the damage in the first place.

**Figure 27: the Planiols Farm**



The average consumer spend is about 70 Euros a week and there are 900-1,000 regular consumers. From 130 – 150 bags are prepared each week and the scheme has capacity to increase this to 200 but it is profitable at 140 bags. The highest turnover ever achieved is 700,000 Euros but the current turnover is 500,000 Euros. 60-70% of the profit goes back to producers, the rest is used to cover the business running costs. In previous years TD has employed up to 7 full-time employees, but this has now stabilized at 2 full-time employees and 2 part-time (0.5 FTE).

#### **iii Discussion with TD on possible support needed**

With regard to EU support, the founder of TD suggested that the main area where it would be useful is in terms of assisting small scale producers to gain access to markets during the start-up phase. He noted that many *circuits courts* do not survive. Assistance must be for small scale farmers (e.g. less than 10 employees). Produce sold through *circuits courts* must be made by a farmer, the central ingredient should come from the farm and the farmer should also undertake the food processing.

There is a great need for training, and for some means to exchange ideas between small producers throughout Europe. The idea would be for cultural exchange and behind this there is very much a sense of a need for the creation of networks for mutual support and learning for small producers, in which the EU could play a role. Networks might be useful not only for training and exchange of knowledge, but for the creation of networks to trade in locally produced, artisan or traditional products. There is no reason why the model in place cannot be scaled up and shared. For example, networks could be created with European partners or with other cities in order to increase the variety of produce made available to consumers.

An issue is the cost of local foods – the founder recognized that lower income consumers would struggle to afford their products and that their current customer base is middle class. Key problems in sustaining and growing their customer base are the cheap prices offered by supermarkets. Their current clientele is extremely loyal and understands/accepts the higher price of their food (although this was not necessarily the case 5-6 years ago).

In terms of whether a labelling scheme would be useful, TD's founder pointed out that a regional (*Sud de France*) has been launched, but its main aim is to promote produce from the region abroad. It is mainly catering to industrial producers and small producers do not use it. There had at one time been a proposal for a "*paysan Sud de France*" label but apparently this faltered due to complexities of definition. The point about labels and/or logos is that if they are not precise enough in terms of what they signify, they stand to have little impact, he argued. For example, small producers are not necessarily organic and small can just as well be 'toxic' as large producers! Organic products can be transported over long distances so they are not necessarily environmentally friendly. Another point is that small producers must recognize the validity of a label and feel a sense of ownership. It should be restricted to *circuits courts* so that big supermarkets could not appropriate it. It must be linked to size, otherwise big producers will jump on it.

When the price of petrol starts to rise, food produced using oil based fertilizers and pesticides and transported over long distances will become more expensive and local food produced by smaller producers may become more competitive. Consumers will be forced to spend more on food and there will be a rise in demand for local food. Currently the price of energy is still relatively low compared to income, but in 15-20 years, this may no longer be true.

#### **5.3.4 Consumer Attitudes**

A focus group (16 members) and a survey were carried out. All those members and consumers were Terroir Direct customers and therefore these consumers were already using SFSCs (farm direct delivery type).

##### ***i Sample Profile***

A total of 157 questionnaires was completed in the survey, 16 of which correspond to the members of the focus group and the rest from an online survey hosted by TD.

A higher proportion of respondents are female (76%). Three quarters of the respondents were aged between 34 and 65 (about one third (29.9%) were aged 45-54; A quarter (25.5%) are aged 55-64) About a fifth (21.2%) are aged 25-34. The majority of respondents are middle to high income household earners: 72% have a household income over 30,000 Euros per year.

The majority of respondents (74%) had either diploma or Masters level qualifications, so they are relatively highly educated.

## **ii            *Attitudes and Behaviour towards SFSCs***

Over half of questionnaire respondents (60%) have purchased farm produce from named farms 'frequently', over the past twelve months. A lower proportion (29%) has purchased farm products less frequently, roughly once a month. The smallest number of respondents (10%) has purchased farm products only 'occasionally'. 55% of respondents stated that during the past year, they have eaten out in a restaurant which serves food from local farms on the menu and a similar number (51%) felt it is 'very important' to be able to source produce from local farms whilst on holiday. These results show that respondents purchase farm products on a regular basis, both at home and on holiday, and 79% of respondents indicated that they would like to buy more. This was mainly in terms of wanting to have more choice of produce, or because they would like to buy 'everything local.' Some mentioned that if there was more availability of local produce, prices should become more affordable. Of the respondents who did not want to buy more, the main reasons for this were because they were already happy with the amount they were buying, or would not be able to afford more.

When asked why they liked to buy these products, the main reasons were as follows:

*Taste better / Quality and freshness / "real flavours and not sanitized" / Traceability, knowledge of the origin of the product and the environmentally-friendly way it has been produced / trust / the possibility to know the farmer*

Respondents also wrote that they wanted to *support local farmers / maintain the "terroir", the local agriculture / Support producers instead of big agro-food companies / Fair price for producers: have a decent wage for the work they do*

Finally, some respondents mentioned that they would like to avoid big supermarkets, reduce their environmental impact, respect seasonality and eat more healthily.

When asked how they would describe the quality of these products, almost everybody mentioned that they are 'excellent', 'fresh', 'very good' or 'taste better than supermarket products.' As the following quotes illustrate, there was a strong appreciation of the many dimensions of food quality: *"Quality products in terms of taste and nutrition, not harmful for the health"; "Taste different from one week to another"; "Quality that can be expected from farm products is related to the small size of the farm unit that allows traditional farming practices, have more time to take care of the products. That is not allowed in large industrialized farms seeking primarily to produce large quantities of uniform and cheaper. Of course, the farm production costs more to produce than industrialized production. I'm willing to pay more for quality products but the limitation of intermediaries is also a solution to have reasonable prices"*

Even the fact that produce is sometimes damaged (which is not the case in supermarkets) did not deter some of the consumers who made a point of noting that they accept that there are blemishes or spots on the fruits and vegetables.

The highest number of respondents has purchased their farm produce through farm direct deliveries in the past 12 months (because they are Terroir Direct customers). Other popular sources included direct on farms, at the roadside, from large supermarkets and small food stores.

Table 32: Type of SFSCs in Languedoc (respondent numbers)

Q4. Where have you bought farm produce from in the past 12 months?	Number of respondents
On a farm	44
Roadside	35
Farmers' Market	9
Pick Your Own	12
Delivered from a farm	127
Food festival	8
Large supermarket	23
Small food store	33
Other	44

This strong interest in farm produce was also reflected in the focus group discussion. As TD customers, the members were really committed supporters of local and regional farmers. They regularly buy at a range of different *circuits courts*, including farms, open air markets and small shops.

In relation to expenditure, 41.3% of respondents reported spending 50 Euros per week on farm produce. Just under one third (28.7%) reported spending 31-40 Euros and about one fifth (22.7%) spent 21-30 Euros. When asked roughly what proportion of their household weekly food spend was on farm produce, the highest proportion (19.3%) estimated this to be about 21-30% of their expenditure.

The focus groups participants agreed that the great benefit of these *circuits courts* was that, as one respondent said “One knows the producers of everything one buys.” People also enjoyed the collective sociality of the open air market. In fact, it was noticeable that although the focus group participants were all TD consumers, they did not know one another and they clearly enjoyed the opportunity to meet each other and share their thoughts and opinions. The main drawback of online shopping was that it means you cannot talk to the producer, which everyone agreed was important and allowed for an understanding of their situation and difficulties and also an understanding of why food prices might increase or decrease. Buying directly from a producer was also regarded as an important guarantee of quality. On the other hand, the online system was valued for its convenience and for the freshness of the produce. It meant that shoppers could avoid wasting time hunting for what they want in the supermarket.

When asked why they buy from this region, one responded simply “because we live here, that’s all”. There was a strong sense of wanting to support the local and regional economy, to maintain local production traditions which had tended to disappear in the 1980s-90s, and to support quality food production. One participant argued that it was in consumers’ own interest to support producers who make the food we want.

These consumers recognize that it’s not easy for farmers and that a “paradox” exists whereby the produce from *circuits courts* is often more expensive than that from supermarkets. This was accepted as a result of the producers being paid a ‘fair price’ and as being the ‘true cost’ of quality food. The participants recognized that they are ‘lucky’ to be able to pay this price and that people with lower incomes would not easily be able to make this choice (although this latter point was subject to some debate, with some participants arguing that cheap food is available from the markets but others arguing that the markets do not all necessarily sell ‘local’).

### *iii Attitudes Towards Supermarkets and Internet Shopping*

Just over half of the questionnaire respondents (54% of 114 responses) said they would like to buy more food from local farms in their local supermarket, primarily because it would be more convenient and more affordable. However, some respondents qualified their response by for example saying that they would only do so if the information was clear on the product, and if the supermarkets would become more ‘green’ and reduce their carbon footprint. On the positive side, some respondents felt that supermarkets could help the local economy, increase the diversity of products and introduce quality, freshness and proximity in a more convenient way.

Of the 46% questionnaire respondents who would not like to buy more farm produce from supermarkets, their criticisms included a perception that supermarkets do not respect producers or pay them a fair price and that producers would have to concentrate on quantity rather than quality. It was also noted that by shopping at a supermarket, the contact between producer and consumer is lost and the human relationships established in traditional SFSCs cannot be replicated. These points were also made in the focus group discussion.

### *iv Attitudes Towards Food Labelling*

60% of respondents said they ‘always’ read food labels when they are choosing food products and when asked whether they would be interested in buying more produce which has a clear “farm of origin” label, 87% of respondents stated that they would be interested. When asked to list any existing labels for farm products, just over half of respondents completed the question and the following were identified: Label Rouge, Organic Farming (AB: *Agriculture Biologique*), AOC: *Appellation d’Origine Controlée*; PDO (AOP: *Appellation d’Origine Protégée*), Vigneron Indépendant (artisan wine from a known farmer).

In the focus group, when presented with a selection of food labels (Fair Trade, Label Rouge, Agriculture Biologique, Sud de France) the AB label was recognized by most people and was generally regarded with confidence because it was perceived to have regulatory power and traceability. The consumers recognized that AB does not indicate anything about the supply chain and whilst the AB label is an indicator of quality, the supply chain is also important.

Some consumers expressed scepticism about labels, as shown in the following comments made on the questionnaire: *‘There are too many different labels so the consumer is lost and finally*

*influenced by marketing'; 'For the product you buy at the farm, you know the producers so you do not need a label'*

#### v ***Attitudes Towards the Role of the EU in SFSCs and Direct Marketing***

Despite the scepticism mentioned above on labelling schemes, 75% of questionnaire respondents think a EU labelling scheme for farm produce and direct sales would be helpful in terms of aiding consumers to identify the products and many mentioned that it should state the exact location of the farm and the way of production. However, some respondents sounded a note of caution regarding industry and supermarkets: *'they will want to take the market for them as it happened for the 'organic''*. They also wanted to have a scheme which would not impose more expense on farmers and consumers, and which would require a rigorous charter. Of the 25% who rejected the idea of an EU label, the main reasons were linked to problems of definition, rigour and the proliferation of labels. In the focus group discussion, some participants felt that a common European label for local products would be somewhat contradictory. They wondered whether a system could possibly be adaptable to all the different regional contexts in Europe. Others recognized that the alternative approach of allowing places to develop their own labels could lead to confusion and so perhaps it would be useful to have some kind of European 'charter' which would develop coherence around the concept of *circuits courts*. Even this would pose significant challenges. For example, it was noted that a *circuit court* is not necessarily ethical or environmentally sound. Questionnaire and focus group respondents recognized that labelling and regulation can impose heavy costs on producers and that this would not be acceptable. It was also pointed out that there are lots of labels already on products and not everyone knows what they all mean, so a new label would add to the confusion.

In terms of other actions which the EU could undertake, there was a general agreement – in the questionnaire and the focus group - that more should be done to support the small-scale producers. Many responses mentioned the idea that the EU should support little farmers instead of big farms, particularly by subsidizing the installation of small producers willing to sell their products through SFSCs. In the focus group the consumers wanted to see support for innovations such as TD. Some proposed that products which currently cause environmental damage through, for example, pesticide use or through travelling long distances, should be taxed so that they would become comparatively more expensive than products which are less damaging. However it was also recognized that some *circuits courts* are long distance, and there was agreement that produce of *circuits courts* from other regions should not be excluded from food systems. The fact that TD offers a full range of organic, ethical, local and imported produce was seen as a great strength.

Some other suggestions were made in the questionnaire responses, concerning promotion and advertising of the concept of SFSC, training and skills of farmers, subsidies to collective catering, etc. In the focus group, other suggestions which were discussed included the promotion of peri-urban agriculture so that people could source produce closer to the cities; People currently have to travel a long way to get produce from *circuits courts*; the production of a European Map showing where you can access local products, the development of networks to connect these initiatives.

#### **5.3.5 Conclusions for the France Case Study**

SFSCs, known as *circuits courts* in France concern one fifth of farm businesses – some 107,000 enterprises – which sell some of their produce through this type of chain. In general, farms using *circuits courts* are small-scale but have a larger than average workforce. *Circuits*

*courts* are valued in France for their economic impacts – in terms of sustaining small farms and generating employment; their social impacts – maintaining ways of life, valued traditions and knowledge; and environmental impacts – in terms of territorial and environmental management made possible through the maintenance of traditional farming practices.

There appears to be great ‘institutional thickness’ with regards to the governance, development and implementation of strategies for developing circuits courts. National frameworks developed by the Ministry of Agriculture and the Chambers of Agriculture provide guidance and tools which are implemented through regional and local structures which are able to adapt to local circumstances, using local knowledge. Use is being made of EU funding (CAP, second pillar) to develop a vector of knowledge exchange about *circuits courts*.

Consumer interest in *circuits courts* remains strong but restricted mainly to middle and higher income groups due to issues of access, availability and affordability. The consumers we surveyed demonstrated a strong loyalty to local producers and wanted to support their local economy as well as have access to fresh, high quality food.

All participants in our research recognized the need to protect *circuits courts* from being undermined by cheap products available either in supermarkets or presented falsely as local on roadside stalls. It was argued that *circuits courts* have to be clearly defined, with a strong emphasis on the nature of the supply chain and the farm business, rather than on the product itself. Consumers are, in effect, buying a set of relationships and values within which the product is embedded. It was felt that supermarkets had often treated farmers unfairly but if a way could be found to make produce from *circuits courts* available through supermarkets – at a fair price – this was not opposed in principle.

An EU labelling scheme could be useful but only if backed up by strong definitions and regulations to protect producers and consumers from fraud. There were concerns about the costs of a labelling scheme. Some consumers felt that a label would not be necessary because *circuits courts* depend on the formation of trusting inter-personal relationships with consumers and a label would not address the main problems of availability (i.e. where to buy produce from circuits courts) and affordability (i.e. price).

## 5.4 HUNGARY

### 5.4.1 Hungarian national context

Agriculture and forestry represents 86% of overall land use in Hungary and contributes around 5% of the GDP<sup>23</sup>. Across the country there are 626 300<sup>24</sup> agricultural holdings. The average area is 29 ha per holding and they employ an equivalent of 209 000 FTE. Hungarian agriculture has undergone many changes culminating in a system dominated by small holders after the Second World War. Many of these small farms however were collectivised, resulting today in the following structure: 49% of the area covered by individuals holdings (average farm size of

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<sup>23</sup> <http://www.fao.org/ag/AGP/AGPC/doc/Counprof/Hungary/hungary.htm>

<sup>24</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Farm\\_structure\\_in\\_Hungary](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Farm_structure_in_Hungary)

9.05 ha), co-operatives covering 7% of the area (average size 360 ha) and companies covering 40% of the area (average size of 303 ha)<sup>25</sup>.

#### *i SFSCs in Hungary*<sup>26</sup>

In Hungary the local food culture remained strong, especially in remote rural areas even after the socialist regime. It built mostly on some persisting local markets which flourished on the remnants of informal economies and traditional agricultural family households who maintained sustainable agriculture. In marginal areas local livelihoods and economies could survive only with some support, for example support combined from civic food networks, agri-environmental schemes or LEADER initiatives (Karner *et al.*, 2010). Alternative food supply systems (farmers' markets, farm gate sales, pick-your-own, local food festivals, food trails) play a significant role in Hungary whereas other specific forms of SFSCs (food box delivery, buying groups, CSAs and community gardens) are usually initiated by urban educated people in urban and peri-urban areas (with rudimentary success up to now). A local food movement has been initiated whose primary aim is to encourage the uptake of complex food legislation by SFSCs and LFSs and its simplification (Szabadkai, 2010). The success of this kind of initiative is determined to a great extent on how local producers are able to match with consumers' place-based demand.

In Hungary, CAP implementation after the EU accession (2004) for a long time favoured more the increasing capacity of mass production (mostly foreign investors) and less the 220,000 registered professional small scale farms. For example, between 2004 and 2006, in the absence of legal status, the marketing of processed foods by small farmers had to be informal and there were delays in adopting measures for the implementation of Rural Development policy with regards to family agriculture. This transition period hit particularly hard smallholders and small food-processors, especially in the dairy and the meat sector. Many small slaughterhouses have closed due to EC meat hygiene regulations and this has limited capacity for local food system development. With regard to hygiene rules, the Hungarian authorities seem not to have fully taken advantage of the flexibility offered to enable the continued use of traditional methods at any stage. Trading rules also imposed proportionately higher tax/fiscal, commerce, social insurance costs on small scale businesses than large ones (Csatári *et al.*, 2008; Balázs *et al.*, 2009; Karner *et al.*, 2010). In these circumstances, multinational food retailers have benefited from an easier access to consumers than small scale food producers and processors which could hardly re-gain some autonomy through local sales (Balázs, 2009).

Now, there is a strong political will in Hungary to develop SFSCs and LFSs at the national and local community level. An increasingly important form of institutional support is contained in the New Agricultural and Rural Development Strategy 2020. This foresight policy document covers agri-economy, rural development, environmental protection and food economy; and aims to strengthen the integrity of landscapes, people, good quality, safe food supplies, and sustainable natural resources management. It calls for a proportionately much higher allocation of resources for LFSs and SFSCs than any previous high level policy document. Moreover, it promotes the development of local food systems as a primary tool of local economic development. The strategy, regarded as a "new constitution of rurality" acknowledges that social functions of food and agriculture are extending much beyond the rural development policy and also extend to health, environment and national security. The strategy aims to

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<sup>25</sup> [econ.core.hu/file/download/konfea/burgerne.doc](http://econ.core.hu/file/download/konfea/burgerne.doc)

<sup>26</sup> For further information on the development of local food systems in Hungary see Balász (2012).



strengthen territorial and quality branding for small producers selling locally but also acknowledges that well managed local schemes are rare. Further institutional support at national level is provided by the Hungarian National Rural Network (HNRN), as a part of the ENRD, which provides technical assistance for local food market organisers, initiatives for collective marketing, training to develop knowledge for brand development, and demonstration cases for good practices.

From 2006 to 2010, in a series of amendments, the decree on small producers finally regulated all issues relating to small scale production, manufacturing, hygiene, trade, control, and certification. In 2006 the first regulations focused on food hygiene conditions, and in 2010, further amendments increased the quantities authorised for selling by small-scale producers and allowed them, irrespective of their place of residence, to sell products in the capital.

In 2012, simplified procedures on hygiene were introduced for local farmers' markets in order to facilitate direct sales to consumers. However, for small family farm businesses, administrative and organisational burdens remain high (obligation to issue an invoice, registration of pesticides treatments, production and sales registers, manufacturing data sheet, cold chain). The Trade Law (2005/ CLXIV) gave a full definition to local farmers market where small scale producers (*kistermelő*) can sell their produce within the county, or in a 40 km radius area around the market, or in Budapest (2§. 5a.). Various government regulations define the compulsory legal procedures to start a market (regulation on markets and fairs - 55/2009, regulation on small scale producers - 52/2010, and the hygiene and food safety regulation on local farmers markets - 51/2012). According to the latest available data there are around 500 farmers markets in operation, mostly in the neighbourhood of urban areas.

Concerning Public Procurement, recent amendments to the legal framework introduced more flexible arrangements allowing local sourcing in derogation to the lowest price criterion, but institutions and staff lack the adequate knowledge and skills to apply the new rules. Several farm products are exempt from the public procurement process up to a certain limit: cold foodstuffs and raw cooking materials, fresh and processed vegetables and fruits, milk and dairy products, cereals, bread and bakery products, honey, egg, horticultural plants (Balázs *et al.*, 2010).

Consumers demand for LFSs seems to be increasing with motives including environmental and health consciousness, quality choice, sense of community in local shops, solidarity purchasing for local farmers. Three out of four consumers prefer to buy local food, while according to a recent calculation the net yield in the local food sector is two and a half times more than on national and global level (Szigeti *et al.*, 2009). Consumers' food store choice is mostly determined by the concentration of the food retail sector. Traditional middle sized food shops (less than 200 square metres) and small food shops (less than 50 square metres) are still the dominant types, but their number is declining (Nielsen, 2012). New technology, such as web based purchasing is also influencing how consumers decide to buy food. According to recent research by Nielsen in 2012, only 8 percent of Hungarian consumers were planning to buy food through the internet, in a webshop, but this represents a one third increase in two years; comparatively the European average is 14 percent (Nielsen, 2012).

A recent nationally representative survey looked at food consumption patterns in Hungarian society and the public perception of supermarkets vs local food (Medián, 2012). The survey was carried out through 1200 personal interviews in July 2012 on a population over the age of 18 years old. The main lesson that can be learnt on food store choice is that Hungarians most often buy food either in local small food shops or in supermarkets - both retail venues are frequented by seven out of ten people. Hypermarkets and markets (including farmers' markets)

bring in every second adult to buy food, while two fifths (37 percent) prefer discount shops. Only a minority of 13 percent directly buys food from farmers on a regular basis. The research also found marked differences in buying food among urban and rural social groups. Local food shops or direct sales from farmers are more frequent in the rural areas and villages. In Budapest people typically prefer supermarkets, hypermarkets and at the same time farmers markets. People over 60 only rarely go the super- and hypermarkets or discount shops. The 9 percent who only buy food from supermarkets and hypermarkets is typically composed of people younger than 40, and one third of them belong to the highest household income category (top quintile).

As the main constituents of product quality, freshness and price are well considered by most respondents. Seventy five per cent found important that their purchases could help the livelihood of Hungarian farmers, while only 55 percent found important the improvement of the livelihood of farmers in other parts of the world. Education and income can explain these differences: the price of the product is important in particular in the lower education categories while chemical-free and healthy, and preferably seasonal products, are mostly preferred by people with further educational qualifications.

The social effect of directly buying from local producers is considered important mostly by the highest educated consumers while global impact of purchases is solely considered by the highest income households. Paying an extra 10 percent for any political-ethical reason is not really considered by the average population. While more than half of the respondents would be willing to pay an extra ten percent for good quality and healthy products, solidarity purchasing (improvement livelihood of local food producers) would be a reason to pay an extra price for only 37 percent, and solidarity with producers in other parts of the world for only 18 percent. Altogether paying a price premium to improve livelihoods of small farmers seems acceptable only in Budapest, to the most educated and wealthiest people.

A much wider agreement was detected on the statements about the social consequences of food purchasing. 78 percent of respondents (absolutely or rather) agreed that "local producers who sell to supermarkets can get into trouble". Two thirds of the respondents (at national level) agreed with the statement that "with food purchase we do a lot for the livelihood of small-scale producers in distant, poor countries". Such value statements are accepted above the average by respondents from Budapest.

## *ii            Looking ahead: skills, knowledge and resources required to promote SFSCs in Hungary*

Interviews were carried out with key institutional informants. From these interviews, a few strategic steps for further supporting SFSCs in Hungary have been identified.

A possible EU labelling scheme should bring a win-win situation to balance the supply and demand side for local food. As a result it should enable producers to attract a more distant, larger pool of consumers cost effectively, by providing high visibility and publicity for farmers' produce. Conventional food supply chains, farmers markets and market halls are full of false local producers, who are traders acting as if they were local producers, and a labelling scheme could help to reduce fraud and minimize cheating. As a further step it can enable more possibilities for local food shops.

In Hungary social research in agricultural and rural issues is has been dominated by institutions that traditionally favour the conventional food supply. More data could be generated on the benefits of new types of initiatives, especially focusing on the socio-economic impact of new

civic food networks. Such research could also help to avoid further over regulation of the sector. EU support for cooperative research would benefit the alternative and short food provisioning.

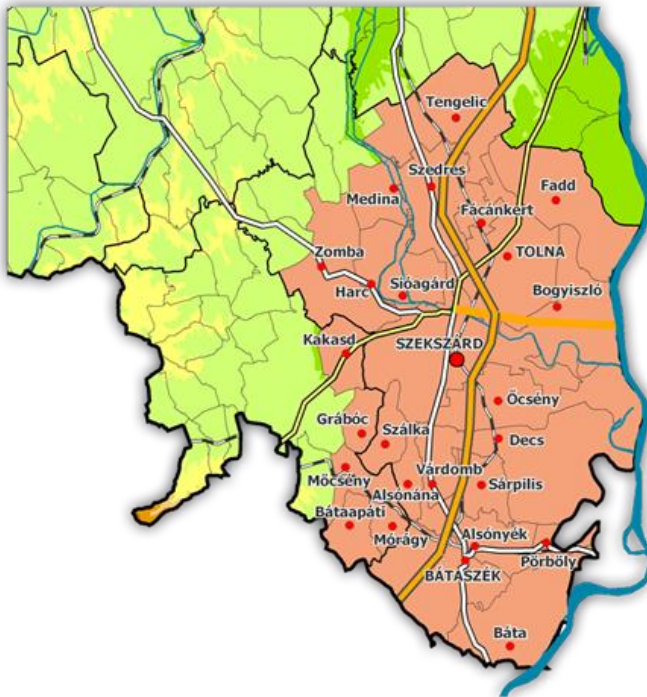
Tailored public funding would be necessary in training for further developing producers' skills in marketing and co-operative skills, with a view to help them to reconnect with consumers. Such training and knowledge exchange could be facilitated by the initiators of local food networks and civic groups in their local settings.

#### 5.4.2 Local context – a case study in Szekszárd and the Tolna County

##### *i The regional context*

Since the recession (2008), even if the Tolna county is better-off in macro-economic terms compared to the Hungarian average, the socio-economic situation is still dramatic. Outmigration from Szekszárd is the highest in the whole country (4 people out of 1000 left Tolna county without any replacement). Foreign investments are proportionately the lowest in the country. Due to the low level of childbirth, the demographic situation is considered fairly critical. Tolna county has the highest proportion of aged people in Hungary.

**Figure 28: Map of Szekszárd and its microregion**



(source: [www.szekszarditermek.hu](http://www.szekszarditermek.hu))

Szekszárd, with its population of 33,720 is the smallest county capital in Hungary. Situated 50 km from Budapest, 50 km from Croatia and connecting the Transdanubian Hills with the Great Hungarian Plain Szekszárd has a peculiar transitional character with mosaics of little hills and valleys. With a high proportion of the population living in the outskirts, Szekszárd is the seat of the county and also the micro region. Around 6,000 farm businesses operate in the microregion<sup>27</sup> but these geographical potentials for bridging towards external ties were not fully realised (Szekszárd MJV IVS, 2007). Szekszárd, famous for its meat and milk factories for long decades experienced extensive socialist industrialisation which facilitated its rapid urbanisation. After the political transitions only the service industries, trade and tourism sector managed to survive. Today, consumers can find 7 farmers' markets in Tolna county. The landscape around Szekszárd is still dominated by home gardens with fruit trees, grapes and gardening; and the town partly preserved the continuity of food tradition while small scale

<sup>27</sup> Megyék, régiók statisztikai zsebkönyve (Statistical Handbook of Counties and Regions, 2011). Központi Statisztikai Hivatal (Hungarian Statistical Office), 2012, pp. 169.

farmers had been trying to recreate their food heritage. Recent research has noted lost opportunities in local economic regeneration rooted in the lack of institutionalised co-operation between local municipalities and local businesses (Kabai *et al.*, 2012).

## *ii            The scheme: Szekszárd és vidéke*

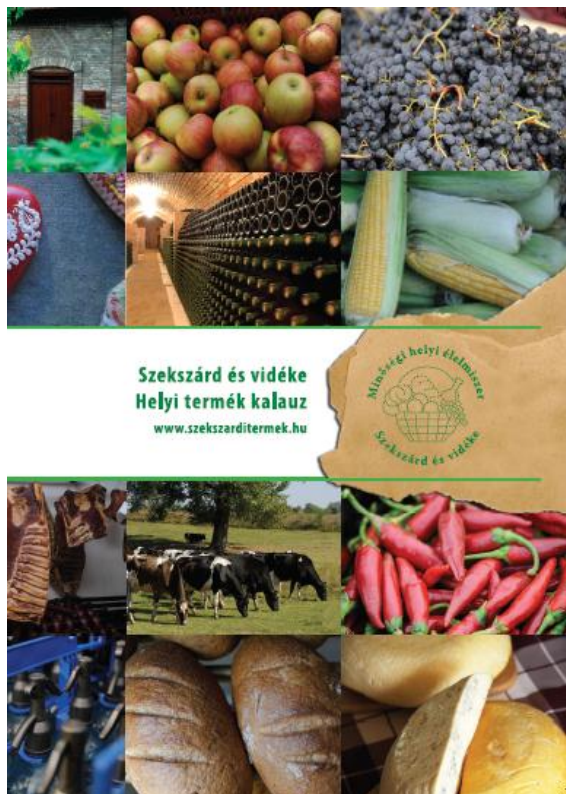
The Szekszárd short food supply chain was developed by a non-profit organisation (Eco-Sensus Ltd) comprising of food producers and experts in the Szekszárd wine region extending to 26 settlements 20 km around the town (traditional boundaries of the famous Szekszárd wine region). It applies to any local individual farm or enterprise in the area.

The main aim of the scheme has been to bring closer local consumers and producers by creating a point of sale and a community-based enterprise for local food. Moreover, the goal is to showcase the diversity of local agricultural products ranging from salami, flour, honey, to paprika, sunflower oil, jams and cheese in a region principally famous for its red wine. Programs are built to help (re-) creating the local food identity and a new sense of community with the local farmers. In an effort to enhance democratic access to local food heritage, and make local food knowledge accessible to lower income consumers, the scheme started a regional branding in the community-based local food shop and presents all basic and seasonal products of the region, which were previously accessible only for connoisseurs. A further aim is to help local producers in their direct sales by developing their marketing skills.

This partnership was formed by urban educated persons, who had strong ties to the region as well as many professional contacts outside the region. The main leader of the organisation is an agricultural economist with solid theoretical and practical experience in the region and also with own farming, processing experience in the family. His intermediary role enabled the scheme to develop new knowledge for planning such a complex project on urban–rural relations and effectively consult with and gain support from policymakers, authorities, and local stakeholders. Through several meetings in 2010 with stakeholders from the territory, the leader of the initiative managed to focus the scheme’s objective to create a localised food system by building stronger connections between local farming and food supply sectors.

After a complete supplier side survey the local vendors’ network development started in order to reconnect actors in various supply chains in the 26 settlements. The database of 200 local farmers became the raw material of an exemplary guidebook in which the LFS is presented through the local food producers and their quality products.

**Figure 29: Guidebook with local farmers' profile**



(source: [www.szekszarditermek.hu](http://www.szekszarditermek.hu))

The new shop opened in a well-off residential area of Szekszárd offering quality produce, and promoting the local food culture in a place where members of the community can gather. The scheme is a quality assurance one and a brand to promote local food. It has also sporadic linkages to wine-tourism and to the sport activities in the town. Its contribution to the local economy in general is significant since local farmers have a secure marketing through the shop.

**Figure 30: Local food shop: meeting place for consumers and producers**





The requirements and quality criteria for the scheme include the identification of local producers from a named farm and comprise precise rules on the socio-ecological quality of production and environmental friendliness of packaging. There are compulsory criteria delineating the environmental aspects of farming (extensive, integrated, agri-environmental, organic, traditional) and food production, as well as voluntary criteria offering incentive to traditional small scale farmers to amend their practices towards alleged more environmentally sound ones (such as using local variety from Tolna county, stay free of GMO, antibiotics, added sugar and/or artificial sweetener and ingredients, etc.). Packaging must be natural, recycled or recyclable, biodegradable, using mainly local resources. In Hungary food product labels only rarely refer to the exact place or region of production, the labels mostly refer to the Hungarian origin only, while this one (Figure 31) helps consumers to be more conscious about the origin.

**Figure 31: Participatory certification scheme logo**



(source: [www.szekszarditermek.hu](http://www.szekszarditermek.hu))

The Szekszard local food label is a registered trademark for all various food types available in the region (from category 29 to 33 in the Nice Classification). Condition of use includes an entry fee of 5000 HUF (around 18 Euros) + VAT and, for the usage, a monthly farmers fee of 1000 HUF (around 3,5 Euros) + VAT.

The local quality criteria are hard to explain to farmers – as the leader of the shop described:

*“It is tough here with some growers and wine-makers when we need to explain that we do not need the leftover from the market. Regularly I need to remind them on the local values in the production, processing, trade and consumption that they are forgetting when they are negotiating with players in the conventional agro-food system. Every time we challenge the well-established relationships and attempt to send a signal how they can support local quality.”*

The local farmers are encouraged to qualify for the local food label based on criteria developed and constantly fine-tuned in a participatory way through local stakeholder workshops. Local farmers are also presented on a special website dedicated to their produce and the local food shop. By introducing the quality label for local farmers both the supply and the demand side will get the opportunity to take part in a mutual and trust based relationship around food.

Concerning routes to markets, from the beginning, it was clear that access to local products was very limited. The scheme organised awareness-raising campaigns for the local consumers about

the quality and benefits of local products. As a key message, the campaign underlined environmental benefits of buying local foods (transport cost savings, fewer emissions) and it gave some results in terms of consumption of local products. In a second stage, local consumers and producers started to develop together a directory of local food producers and recipes of regional dishes and quality gastronomic products. Finally, they started the local community food shop which serves as a point of sale for locally produced food, place of re-socialisation of consumers and producers around the local food heritage and allows further awareness raising.

The initiative gained substantive support in the start-up phase from ENRD for the promotion of sustainable food consumption and production, investment in the necessary infrastructures and organising the scheme (collective marketing and quality assurance). Later institutional support at local level was provided by the HNRN in the form of short term technical assistance, advice on good practice and training to develop knowledge. Currently the limited company owning the scheme employs five local residents (four full-time, one part-time); however the employment costs (social and health insurance, pensions) are too high to expand the business.

The key feature of the scheme is to contribute to the transformation of the agro-economic structure of the region and strengthen ecologically sound small scale production. It aims to create benefits on both sides: for the producers, a stable market through a community based-shop, for the consumers, the best available ecologically sound quality food from the region. These plans face the paradox of, on the one hand encouraging more sustainable consumption patterns or initiating consumer-producer reconnection through campaigns (or knowledge fixes such as the local food label), whereas on the other hand local consumers' demand for local food cannot be easily served quantitatively from local produce. In these circumstances, the scheme turned itself more towards event-based communication and behaviour change campaigns to raise awareness about the environmental impact of local food purchase. Only later did it start the complex project to create a sense of community also with the farmers on the basis of effective sales and purchases.

### **5.4.3 Consumer Attitudes**

#### ***i Sample Profile***

A total of 42 questionnaires were completed in an online survey promoted on the website of the scheme. In addition, a focus group of 8 consumers was convened. Responses are indicative of the beliefs of consumers' purchasing behaviour, rather than actual metered data. A higher proportion of respondents are female (73.8%). Three quarters of the respondents were between 25 and 44 (45.2% are aged 25-34; 31% are aged 35-44). The majority of respondents are middle income household earners with an average of 13,800 Euros per year. Every second respondent scored between 10 and 30 thousand Euros income per year. A dominant portion of respondents (57.1%) has diploma (bachelor and/or master degree).

#### ***ii Attitudes and Behaviours towards SFSCs***

Overall, nearly three quarters of questionnaire respondents (69%) purchase farm products on a regular basis. The majority of respondents (48%) in the past 12 months have purchased farm produce from named farms 'frequently', roughly every month or more often. A lower proportion (31%) has purchased farm products even more frequently: once a week. Roughly one fifth of respondents (19%) have purchased farm products only 'occasionally', whereas only one respondent purchased none. 36% of respondents stated that they had eaten out in a



restaurant which serves food from local farms on the menu. Almost two-thirds of respondents (64.3%) buy food at farmer's markets on a weekly basis or more often.

When respondents were asked about any bad experiences that they had encountered when shopping at a farmers market, there were generally two categories that experiences fell into:

- cheating: mock producers, repackaging and selling cheap not local produce as local, the produce weighted less then I paid for;
- quality anomalies: the jam dried and petrified into the jar, fruits not fresh, fish and meat products smelly, milk sour, etc.

The positive aspects also can be categorised into two;

- absence of bad experience over time on farmers' markets, either: there was not any yet; or very rarely buy there;
- consumer choice is free: you can always taste, huge variety to choose from, buy from the producers who you know etc.

36% of respondents had eaten at a restaurant serving local food, whilst 29% had not and 36% were not sure. 4 out of 5 respondents found it important to source local produce when on holiday.

These results show that respondents purchase farm products on a regular basis, both at home and on holiday, and 100% of respondents indicated if they had the chance they would like to buy more produce from small producers.

The most typical products the respondents bought from a farmer were: vegetables and fruits, eggs, (smoked) meat products, cheese, jam, honey, pickles, dried fruits, raw milk, milk products, wine and bread. Multiple motives were given for buying from a farmer. Some reasons fell around issues of trust which can include knowing the producer, having a personal relation and where the produce is grown; this seems to give people a sense of security. Quality also appears to be something that is key for reasons of buying from the producer (more variety of products, safety and traceability, better taste, freshness, not concealed by a package, healthiness, as well as economic (supports and enriches local producers instead of supermarkets, supports the Hungarian economy, creates jobs in rural areas) and environmental concerns (less footprint, less chemicals). Finally, expressions were also made that the price is better when sourced locally: "local means cheaper and closer".

Concerning different types of SFSCs, more than half of respondents have purchased their farm produce through a farmer's market. The second most frequented channel to buy local produce is directly from the farm, which was favoured as first choice by 26% of respondents. Interestingly more than one third (35%) of respondents prefers self-provisioning and produces food on their own. Small shops are also important channels: half of the respondents (47%) purchase through local food shops on a weekly basis. One third of respondents go to supermarkets to purchase local produce. Most respondents rarely or never prefer the roadside stalls, pick your own, home delivery and festivals for purchasing local produce.

**Table 33: Type of SFSCs in Hungary (respondent numbers)**

Q4. Where have you bought farm produce from in the past 12 months?	Number of respondents
On a farm	30
Roadside	26
Farmers' Market	39
Pick Your Own	14
Delivered from a farm	11
Food festival	31
Large supermarket	22
Small food store	34
Other	31

When considering expenditure, the vast majority of respondents purchased farm products each time for less than 6000 HUF (around 20 Euros). None of the respondents spent more than 12000 HUF (around 40 Euros) at one time. On average respondents spent around 20 Euros on local food per week. One-fourth of respondents spent less than 10 Euros, whereas only 10% spent more than 50 Euros. The highest amount spent per week was 70 Euros. A dominant proportion of respondents spent on local food between 10 and 40 Euros per week.

### *iii Attitudes Towards Supermarkets and Internet Shopping*

All respondents (100% from 42 respondents) were aware of supermarkets offering the produce of local producers. However, respondents reported positive and negative opinions about buying local products in supermarkets. Of those respondents who said there was no need for local farm produce being sold in supermarkets, there were some strong views. It was felt that buying directly from the producer is better and that having an intermediary (supermarket) which could imply a price squeeze and therefore loss in quality and reduction of farmers' income at the benefit of supermarkets' profits.

However, there were many replies that appear to favour local farm produce being sold in supermarkets. They suggest that it could help the local economy, favour farmers in terms of increases in sales and improve access to the local products while markets only open in the day. Respondents also believe this would improve the information conveyed by supermarkets on the food they sell.

Experiences of food bought at supermarkets were also asked. Responses recorded a variety of positive/negative experiences. Most of the responses lean towards bad experiences by the customer and are largely related to the taste and quality of the produce *tomatoes have poor taste/smell, milk is already sour when bought, egg is often problematic*. There are also

suggestions that they distrust the supermarkets, *e.g. after the expiry date products are repackaged, relabelled, problems with the ingredients list, taste, price-value proportion*. Where respondents have not had any bad experiences it appears that they might have been more cautious when buying food. Comments include; *only buy products that do not cause problems and one can decide whether the food is fresh and proper quality*.

#### **iv            *Attitudes Towards Food Labelling***

85.7% of respondents claim they 'always' read food labels when choosing food products, and when asked whether they are interested in buying more produce which has a clear 'farm of origin' label, 100% of respondents said yes.

Respondents seem quite aware of existing labels or trademarks that assure the local origin of produce in Hungary at national and regional level, e.g. national level labels such as Hungarian product (Magyar Termék), Hungarian quality food (Kiváló magyar élelmiszer); regional level labels such as minőségi helyi élelmiszer Szekszárd, Élő-Tisza tájtermék, Naturháló, Szimpla, Nagymarosi, Tokaj Hegyalja Piac, Pannon Helyi Termék or product specific labels such as for honey (OMME), for poultry (magyar baromfi).

Concerning a possible EU labelling scheme to help shoppers identify "farm produce", respondents expressed a variety of pros and cons arguments. The arguments in favour insist on the fact that it may give some protection to the product and could increase the trust of consumers. Arguments against focus on the feeling it would be too confusing because of a proliferation of labels and poor understanding of them by consumers. Respondents also feel it might be confusing to 'EU-label' a local product and risks erasing the product or producer's identity. Some respondents also noted that variations between countries in the EU should be taken into account.

When asked what else, beyond labelling scheme, the EU could do to help the sales of small producers many suggestions were raised and can be summarized as follows: provide professional and financial support for SFSCs in, for example, production, processing, marketing and promotion; simplify and reduce bureaucracy, especially on tax issues; improve networking; enhance quality control of small scale producers; ensure 'fair' access to market for SFSCs (in the face of competition from supermarkets) .

The respondents were also asked what farmers could do to help the sales of farm produce. Many answers were given covering a wide range of topics: good and constant quality of products, better packaging, improved cooperation, more innovation in supply chains organisation (SFSCs and community-based approaches, delivery schemes) and promotion (word-of-mouth, social networks), transparency (farm visits, etc.), environmentally sound practices, learn from experiences (Austrian cases), etc.

Previously, in 2010, a representative consumer survey in Tolna county (n=533) was carried out for the benefit of the scheme described above on characteristics of local food consumption and the willingness to buy local produce (Tolna County, 2010). The typical food buyer of the region is a middle aged woman with secondary education in her 40s who is living in one of the middle sized towns of the county with at least one child and one income source in the household. Consumers trust in local food although the concept itself is unclear: it is more understood as "locally purchased" instead of "locally produced" and consider it safe. Urban consumers prefer local shops, while families with children prefer farmers markets. In rural areas there is a high proportion of food self-provisioning. One third of the total population of Tolna County dominantly consumes local food. While 98% of respondents believe that organic

food implies meatless (vegetarian) food, one out of four consumers buy organic products – typically the younger, more educated, higher income groups.

The decisive consumer demand for local food relies on the more educated, younger, urban consumers with families. Food origin is overly important in this locavore group, which trust in local food and buy in local shops. Two fifths of them buy organic food, and frequently engage in solidarity purchasing. As for food buying venues, local shops are the most popular (72%) supermarkets are frequented only by 18% (typically older generations) and 10% prefer farmers' markets.

In 2011 the representative survey was replicated in the area around Szekszárd (the wine region) with 257 respondents to investigate consumer awareness of local food specificities. The findings point to a remarkable group (47%) of rather urban, better educated, high income conscious consumers, who are willing to pay extra for local food.

#### **5.4.4 Conclusions from the Hungary Case Study**

Socio-geographic characteristics and political-institutional context of the locality explain a lot about the ways in which SFSCs can develop. Recent public funding and support, plus community interest are essential to create and maintain local food networks in operation. Provided there is involvement, such types of initiative have potential to shape the culture of socially innovative local co-operation, in building a new sense of community, in reinventing local traditions. In this respect a new EU level labelling scheme was found rather positive, especially if it could serve to limit the existing fraud. Even if there is much policy interest towards SFSCs, more applied research will be necessary on their benefits. The consumer demand side is usually neglected. Consumers of such schemes are mostly recruited from the higher income groups (with preference for artisan, local, and fresh, healthy food and alternative inclusive places for food provisioning). Consumer surveys demonstrated that behaviour, practices and decisions in relation to local food are situative. Even if the concept of local food is unclear or misleading for the average consumer, locavorism remains desirable especially for educated, young, urban and conscious consumers valuing local quality artisan food.

### **5.5 Conclusions from the case studies**

Whilst there are no doubt differences between the three cases in terms of local context and circumstances, some clear common conclusions can be drawn from this comparative case study approach.

In this concluding section we reflect on what has been learned from the case studies with a focus on drawing out what they contribute to addressing the overall aim of the project:

- All three case studies demonstrate the great importance of collective and collaborative action, whether this is amongst producers, or between producers and consumers, or between producers, consumers and local institutions. In different ways, each case study has depended on co-operative behaviour during its development.
- The French and Hungarian studies in particular demonstrate the importance of shared ethical and moral frameworks oriented towards principles of fairness, environmental sustainability and care for local cultural resources (as encapsulated in heritage farming practices and typical products). These values motivate the key initiators of the SFSCs, who are seeking to develop economic models which are in harmony with, and enable

them to sustain, their values; and attract community support. Both Terroir Direct and the Szekszard scheme operate in the context of emerging 'local food movements' which are frequently driven and supported by urban residents (who often have roots in rural areas). These networks are often interested in building 'non-profit' enterprises at least in the start-up phase and many do persist in a profit-sustaining, rather than profit-maximisation mode.

- Traditional and artisan skills which have never 'died out' form a vital bedrock in all three cases; without these skills the quality products which the SFSCs are built around would not exist. The new local food enterprises are performing a balancing act: they celebrate and attempt to diffuse this artisan heritage (food democratisation) but they also necessarily commodify the local tradition to satisfy renewed consumers' demand.
- The ENRD has been identified as an active agent in all three cases, and in the French case, respondents from Terroir Direct really emphasized the need for cross-cultural knowledge exchange across Europe so that those involved in SFSCs can share best practice.
- A problem identified in France and Hungary is the existence of 'false' producers who take advantage of consumer interest in buying local produce and sell goods which are not genuinely local. This issue of fraud is one of the main reasons for respondents to consider that a European wide labelling scheme would be useful. However, on the other hand, respondents also emphasized the importance of trust-based, localised relationship and these circumvent the need for a labelling scheme which is really only useful for (distant) consumers who do not know the producers.
- In all 3 cases, respondents identified a need for training for producers in communication and marketing skills. Producers engaged in SFSCs require multiple skills, not only in production but also in processing and marketing and some respondents (in the French and Austrian cases) sounded a warning note that for the very small family farms, attempting to combine all the different activities and skills could result in a heavy workload and potential burnout of farmers.
- In all 3 cases, individuals who could be described as 'social innovators' have played a key role. In Hungary and France, these are individuals educated to higher levels with professional experience beyond their current places of work. In the Austrian case the individuals draw on their long family history of farming.
- There is remarkable similarity in the profile of consumers buying from SFSCs in our three cases. The typical consumer is middle-aged, female, with above average education and income and likely to have at least one dependent child.

**Table 34: Summary description of case studies**

<b>Details</b>	<b>AUSTRIA ‘Gutes von Bauernhof’ scheme</b>	<b>FRANCE Terroir Direct</b>	<b>HUNGARY Szekszárd local food system</b>
<b>Characteristics of the locality</b>	<ul style="list-style-type: none"> <li>• Multi-tier scheme on the national (Austria) and regional (Federal States) level</li> <li>• Long established scheme in a rich country with high organic land use</li> </ul>	<ul style="list-style-type: none"> <li>• Located on the peri-urban and rural hinterland of a medium sized town</li> <li>• The regional agricultural sectors have been re-structuring due to the ‘crisis’ of surplus wine production</li> <li>• Tourism is an important contributor to the economy</li> <li>• Relatively high unemployment levels (compared to French average)</li> </ul>	<ul style="list-style-type: none"> <li>• medium-sized town, Transdanubian hills with long tradition of growing grapes</li> <li>• severe socio-demographic decline</li> <li>• extensive outskirts (cascade of vineyards)</li> </ul>
<b>Socio-political vision, strategic orientation</b>	<ul style="list-style-type: none"> <li>• Empowering mainly smaller farmers to compete but also co-exist with large retailers (large farms, if diversified, also included)</li> <li>• Supporting rural mountainous areas, smaller farms and artisan farm processing, preserve heritage and tradition, keep rural jobs</li> <li>• Keep production and processing local (including all inputs to production, renewable energy, local services...)</li> <li>• Certified system with logo and marketing to gain consumer trust</li> <li>• Clear link with tourism to sell country and food culture and food pleasure (Genussland)</li> </ul>	<ul style="list-style-type: none"> <li>• Support rural mountainous areas, small and artisan farms</li> <li>• preserve heritage and tradition and aiming to keep rural jobs</li> <li>• reconnect urban and rural people</li> <li>• provide high quality produce; supplement the offer with ethically sourced imports</li> <li>• operate in an environmentally sustainable manner</li> </ul>	<ul style="list-style-type: none"> <li>• localised urban food system – products’ origin</li> <li>• stronger connections between local agricultural and food supply sectors</li> <li>• attribute a place-based identity to products</li> <li>• events and meeting place - access to local products</li> </ul>
<b>Data sources, methods</b>	<ul style="list-style-type: none"> <li>• Two institutional interviews: Austria</li> </ul>	<ul style="list-style-type: none"> <li>• Seven key informant interviews at level</li> </ul>	<ul style="list-style-type: none"> <li>• key informants institutional interviews:</li> </ul>

	<p>(Österreich) national level and Carinthia (Kärnten) regional level (as an example for federal state)</p> <ul style="list-style-type: none"> <li>• One farm business interview with owner and wife (business partner) Carinthia, Lavanttal</li> <li>• One consumer focus group at the regional level (11 participants) City of Klagenfurt, Carinthia's regional capital</li> <li>• Further context visits to a direct marketing fruit farm-shop, a farmer-run shop in a local town, farmers' corners ('Bauernecke') in supermarkets, and restaurants/hotels with local produce</li> </ul>	<p>of région, département and association of communes plus local university researcher</p> <ul style="list-style-type: none"> <li>• Two interviews with initiators of Terroir Direct</li> <li>• Two farm visits / interviews with farmers participating in Terroir Direct</li> <li>• Focus group with 16 participants, held at Terroir Direct distribution hub</li> <li>• Online consumer survey, (157 responses)</li> <li>• Context visit to local producers market</li> </ul>	<p>national and county level officials</p> <ul style="list-style-type: none"> <li>• business interview with the owner of Local Food Shop</li> <li>• consumer focus group discussion (8 participants) in Szekszárd</li> <li>• consumer survey at the local level (online), Szekszárd, 40 people</li> <li>• available results of target group specific consumer survey, May+Nov 2010</li> <li>• visits to Local Food Shop and meetings with local producers</li> </ul>
<b>Organisation</b>	<ul style="list-style-type: none"> <li>• Association of farmers, but also supported by national chamber of agriculture and government on national and regional level</li> </ul>	<ul style="list-style-type: none"> <li>• A consumer-producer co-operative</li> </ul>	<ul style="list-style-type: none"> <li>• Centred around a community-based local food shop and local quality label</li> </ul>
<b>Social impacts, activities</b>	<ul style="list-style-type: none"> <li>• Organisation of food award schemes to keep production and processing at highest level</li> <li>• Promotion of certified food with is environmentally friendly, integration into existing schemes like certified organic or fair trade</li> <li>• Detail training and qualification program for all family farm members</li> <li>• Multiple short food chain outlets, farm shop, farmers' corner in supermarket, on-line, restaurants</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration of producers and consumers with shared ethical frameworks</li> <li>• Promotion of local/regional foods</li> <li>• Development of skills in marketing, communication, logistics</li> <li>• Ensures secure markets for small-scale producers</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration of food producers and experts in the Szekszárd vine region (Szekszárd and 20 km surrounding of the town)</li> <li>• Promotion of environmentally friendly, regional food</li> <li>• Directory of local food producers and recipes of regional dishes, quality gastronomic products</li> <li>• Introduction of local food trademark</li> </ul>

## 6 OVERALL CONCLUSIONS

The aim of this chapter is to draw conclusions from the entire project.

### 6.1 The Classification and Characteristics of SFSCs

#### 6.1.1 Classification

During the course of the research we developed the following working definition of a SFSC<sup>28</sup>:

"The foods involved are identified by, and traceable to a farmer. The number of intermediaries between farmer and consumer should be 'minimal' or ideally nil."

The specific emphasis on the 'farmer' is adopted because of the context of the European Commission's agricultural products quality policy and the interest in the idea of "a new local farming and direct sales labelling scheme to assist producers in marketing their produce locally" as referred to in article 55 of Regulation (EC) No 1151/2012. The definition is similar to that adopted in France, and does not mention geographical distance, but rather refers to the number of intermediaries between farmer and consumer. This is because a SFSC is not necessarily local but could be stretched over a large geographical distance. Indeed, it is important to note the distinction between the concepts of 'SFSC' and 'Local Food System'. The former is concerned with the concept of a reduced number of links in the chain between producer and consumer, whereas the latter refers to a geographically defined set of relationships between producers, consumers and resources. In many ways, the concept of a Local Food System is much harder to define than a Short Food Supply Chain, because of the lack of an agreed definition of the 'local' scale, as well the complexity of a food 'system' (which includes the inputs and outputs of food production and consumption) as opposed to a food 'chain'.

In terms of a sub-classification of SFSCs<sup>29</sup>, Table 4 describes in detail a sub-classification into sales in proximity schemes (*Community Supported Agriculture, On Farm Sales* - Farm shops, Farm based hospitality, Roadside sales, Pick-Your-Own, etc.-, *Off Farm Sales either through the commercial sector* (Farmers' markets, Farmer owned retail outlet, etc.), *Off Farm Sales through the catering sector* (Sales to hospitals, schools etc.) and *Farm Direct Deliveries* (e.g. veg box)) and sales at a distance schemes (*Farm Direct Deliveries* e.g. internet sales).

The definition of 'proximity' is of course open to debate, in the same way as the definition of 'local', but for the current purposes, this is understood generally as sales which do not require extended travel time from either consumers or producers. Clearly, expectations of 'extended'

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<sup>28</sup> This draws on key sources such as Marsden *et al.* 2000; Ilbery and Maye 2006; Progress Consulting Srl 2010 and the French national definition of SFSCs.

<sup>29</sup> Note that the above classification is similar to that used by Marsden, Renting *et al.* who proposed: Face-to-face / Spatial proximity / Spatially extended as 3 categories of SFSC. Our classification simply collapses the distinction between face-to-face and spatially proximate, but then provides a more detailed sub-classification of spatially proximate SFSCs. It is also more restrictive concerning the spatially extended category in the sense that many spatially extended chains as defined by Marsden and Renting go through more than one intermediary (most of PDO and PGI sales are within long chains for example).



travel time will vary from region to region, so the notion of ‘proximity’ will also vary. Sales at a distance are all dependent on delivery and very often will be internet sales.

In addition to the above sub-classification, we suggest that it is possible to make a distinction between what may be described as ‘traditional’ SFSCs and ‘neo-traditional’ SFSCs. The former are farm-based, in rural locations and more likely to take the form of on-farm sales through farm shops, roadside sales and pick-your-own produce or sales at producer markets. They are usually operated by farming families and often use traditional and artisan methods. They maintain conventional retail relationships with customers who may shop either regularly or sporadically with them. Whilst we recognize that ‘traditional’ could be regarded by some as meaning ‘outdated’ or ‘old-fashioned’, but this is not the meaning that we seek to capture. Our use of the word ‘traditional’ here is to evoke the idea that the products and practices involved are represented and marketed as the result of long standing knowledge, culture and skills in a particular place. In this sense ‘traditional’ is a selling point and is a quality which consumers seek out, being strongly associated with quality. ‘Traditional’ SFSCs are not lacking in innovative approaches to marketing – as seen in the case study of the Heritzer family farm in Austria which is highly innovative in its approach to constructing multiple SFSCs.

The neo-traditional SFSCs are more complex operations, consisting of collaborative networks of producers, consumers and institutions but often seeking to sustain ‘traditional’ farming practices through new models and social innovation. They are often off-farm sales in the form of delivery schemes, urban located farm shops, or they can be collectively owned farming systems (CSAs) usually located either in the city or on the urban fringe. They can be thought of as examples of ‘local food movements’ which are often driven and supported primarily by urban residents. These networks are often interested in building ‘non-profit’ enterprises, at least in the start-up phase, and many do persist in a profit-sustaining, rather than profit-maximisation model. They emphasize co-operation rather than competition and seek to sustain as many producer livelihoods as possible rather than reduce the number of producers to those that can most profitably exist.

In both traditional and neo-traditional types of SFSC, social values are central and people are motivated to participate not only because they will receive produce in return but also - and perhaps primarily - because they want to support the initiative and its values. Many of the schemes rely partly on voluntary work and they often operate on the principles of ‘exchange economy’, whereby labour is exchanged for food, rather than food being purchased with money; in other words, a de-commodification of food is present. There is strong commitment to these initiatives from the individuals involved; it is not unusual to find that such SFSCs have benefited from small-scale personal investments from individuals either in monetary form or ‘in kind.’ Some initiatives have also benefited from charitable donations or grants from bodies seeking to promote social and environmental benefits.

Whilst it is possible to draw a theoretical distinction between ‘traditional’ and ‘neo-traditional’ SFSCs it is also clear that there are many examples of ‘hybrid’ forms which blend traditional and contemporary practices. For example, the ‘Bienvenue à la Ferme’ scheme in France encourages consumers to visit farms to make on-farm purchases but is highly innovative in its use of contemporary social media such as Facebook and a smart phone application to reach out and connect with urban consumers (see <http://www.scoop.it/t/bienvenue-a-la-ferme>).

### **6.1.2 Characteristics**

The following observations are based on the SFSCs present in the database, as well as the results from the literature review and case studies:

- Farms involved in SFSCs are predominantly small-scale in terms of economic size and hectareage. Most examples are less than 10 hectares. In addition, many schemes are limited to a small number of farms: most involve fewer than 10 producers. In many SFSCs the customer base is relatively small and locally resident. Multi-producer, regional scale box delivery schemes and labelling groups clearly reach a larger customer base than single farm, localised initiatives.
- SFSCs are more likely to be involved in sales in proximity than sales at a distance – in other words, they form the backbone of local food systems. There are examples of sales at a distance but these are less common.
- Some SFSCs use a mix of routes to market – including different types of SFSC and also long chains. This reduces risk and means greater resilience in case one particular route becomes blocked. A mix of routes to market can reach a wider customer base – such as consumers with different lifestyles, mobility etc. Moreover, different products may be suited to different SFSCs. Non-perishable goods, for example, are suited to longer distance transport so can be marketed through spatially extended SFSCs, while perishable goods (fruit and vegetables in particular) are more suitable for local sales. Relatively standardized products – such as packaged foods - are more suited to internet sales where the consumer is not so reliant on a tactile assessment of product quality (through touch, smell, sight etc).
- There are examples of well-established SFSCs, having survived 5 or more years and this suggests that they are sustainable business models although, as discussed below, they often operate on ‘alternative’ economic models.
- A wide variety of produce is traded through SFSCs, but fruit and vegetables seem to be the most common examples. There is a tendency for SFSCs to sell organic (especially in the Southern European region) or even biodynamic produce, although this is not always certified as such.

## **6.2 The Socio-Economic Importance of SFSCs in the EU: Quality and Fairness are key themes**

### **6.2.1 Social Impacts of SFSCs**

The main social impacts identified from the literature review include the development of trusting relationships between producers and consumers, improvements in social capital and sense of community, and increased consumer knowledge and understanding of food, farming and environmental issues, which in some cases can lead to behaviour change. The database results and case studies confirm these findings but also add weight to the argument that SFSCs provide ‘quality’ produce to consumers. This was evident in the ambitions of many of the examples present in the database as well as the case studies. The products involved are regarded as high quality and fresh by those involved and are often based on traditional and artisan skills which are locally distinctive.

The research has also advanced our understanding of how social impacts can vary according to the different type of SFSC (an element not made clear in earlier studies). ‘Traditional’ SFSCs, being farm-based, are likely to maintain activity in rural areas and therefore contribute to the viability of rural communities (what we mean here, is that the employment is generated by virtue of the continued existence of farms; we do not have reliable data which suggests that SFSC generate additional employment on farms). They can play a vital role in maintaining rural cultural heritage in the form of traditional plant and animal breeds, production and processing practices and landscapes. ‘Traditional’ SFSCs can also play an important role in educating consumers about food and food practices, as well as wider environmental issues but access to them is dependent on individual consumer behaviour (for example whether individuals and families choose to visit out of town farm shops), or on opportunities organised through schools or educational charities which bring children and young people out of the towns to visit farms.

The social impact of ‘neo-traditional’ types of SFSC is more likely to be in the form of community-building, knowledge-exchange, skills development and health and well-being. They are more likely to situate themselves within a context of promoting social change through educating people about sustainability and ethical issues. They may also connect with environmental movements and social justice movements.

It is also clear that collaborative and collective approaches are very important for the traditional and neo-traditional SFSCs and that small producers can benefit from working with others – including other producers, consumers and institutions. Collaboration enables small scale producers to reach markets that they would otherwise not reach through, for example, shared logistics and delivery operations; shared labelling schemes; shared publicity and promotional campaigns. Co-operative approaches are also important for producers seeking to supply canteens which require consistent quantity and quality of produce which is beyond the capacity of the smallest producers. There are also advantages in a collective approach by establishing networks of knowledge exchange and skills acquisition / training.

### **6.2.2 *Economic impacts of SFSCs***

There is little systematic, quantifiable evidence regarding the contribution of SFSCs to rural economies and farmer livelihoods. This is due partly to the methodological difficulties of conducting cross-country comparative research with small and micro-scale enterprises. It is extremely difficult to obtain economic data for many of these schemes: given their size, nature and focus, many do not routinely collect or publish such data. Nevertheless the economic impacts of SFSCs are usually related to rural development and economic regeneration and some countries (e.g. France, Austria) do have indicative data regarding the features of SFSCs and their impact in terms of employment and turnover. It is worth noting that whilst the economic contribution of SFSCs may be relatively small they are valued for their wider contributions to society and environment.

From the literature review, there is some evidence that shortening supply chains leads to increased local sales, employment and multiplier effects as well as being an important component of regional tourism product. Some studies suggest that farmer incomes are increased through local sales, whereas others suggest that local sales are not vital for income but are more important for marketing purposes. Clearly the relative importance of local sales or SFSCs will vary in relation to enterprise size and scale, as well as geographical location (e.g. proximity to urban markets or tourism destinations). It is worth noting that farmers and producers involved in LFS/SFSCs are not always ‘profit maximisers’ and may interpret success not in narrow economic terms, but in terms of their social and environmental contribution and

lifestyle factors. It is also worth remembering the cautionary note sounded by some institutional respondents in our French and Austrian case studies who warned of the difficulties facing small producers seeking to combine production, processing and marketing skills with limited resources.

The sheer number of SFSCs which it is possible to identify across the EU suggests that they can offer a viable business model and they also meet a clear consumer demand for produce implying a minimum number of intermediaries, as well as for local produce. However understanding the economic impacts of SFSCs at farm and regional level is complex for the following reasons:

- It is not unusual for farm enterprises to make use of a mix of ‘short’ supply chains (or even long supply chains as well) and it is often difficult to disentangle the contribution of each to farm business turnover and profit. In some cases, the ‘conventional’ part of the farm business may be used to support or subsidise the SFSC, particularly in the early stages of development.
- The employment effects of SFSCs are difficult to quantify, given the complex mix of full-time, part-time and seasonal workers as well as family labour, volunteers and trainees who are engaged in SFSCs. In order to examine employment effectively it would be necessary to conduct a study which distinguished the different types of SFSCs. For example, farm-based and farmer-initiated SFSCs such as farm shops generate different employment patterns compared to urban and community based SFSCs.

Economic and socio-economic science tools exist to measure and quantify the above elements but this has been sparsely done on a large scale because it is costly and time consuming to generate the data required.

### **6.2.3 Consumer Interest in SFSCs**

Regarding consumer interest in SFSCs, there is strong evidence that certain consumers are keen to support them for ethical and environmental reasons, although the latter are subject to discussion, one element being that the environmental impacts of SFSCs are influenced by the production methods implemented and the particular logistical arrangements of each individual case (for transport of goods in particular). Consumers who buy from SFSCs are generally happy to support local producers and there is evidence that they associate local produce with higher quality standards, even though their understanding of what constitutes a ‘local’ product may be unclear. The high level of interest expressed by consumers is not always translated into purchase behaviour and research suggests that one of the main reasons for this is that consumers either do not know where to buy local foods or have restricted physical or financial access to them. This is confirmed in the French case study, for example, where even dedicated supporters of SFSC mentioned that it was difficult to find the products and involved a lot of searching on their part. Initiatives such as the ‘Mangez Bon et Local’ website would seem an important tactic in addressing this.

## **6.3 SWOT analysis of short food supply chains**

A SWOT analysis is a planning tool which is usually applied to a business but can also be applied to a sector or geographical unit of analysis such as a region. It summarises the key issues facing an entity in terms of its own internal capabilities (Strengths and Weaknesses)

alongside an analysis of the external environment (Opportunities and Threats). The aim is to identify specific strengths and weaknesses and consider whether these are relevant to, and capable of dealing with changes taking place in the environment. In effect, conducting a SWOT analysis can help an organisation to identify both threats to its survival and the potential for growth.

The following SWOT was developed from a close analysis of the insights from our 3 detailed case studies, from which aggregate strengths, weaknesses, opportunities and threats were drawn regarding the types of SFSC represented in the case studies. This was then checked against intelligence gathered from the database and the literature review. An attempt was made to delineate the SWOT according to different types of SFSC, but this proved difficult because so many of the SWOTs identified are actually common to all types of SFSC. Where a particular element is relevant only to certain types of SFSC, this is noted in the table (so for example, delivery schemes in remote rural areas would be more vulnerable to threats from poor rural roads and communications). It should also be remembered that some of the aspects identified in the SWOT analysis will be more pertinent to some regions rather than others, depending on factors such as the extent of SFSC development, the economic conditions, rural infrastructure and institutional activity. The SWOT analysis presented below is very much an overview of the sector, which could be used – and adapted - by stakeholders in different regional contexts.

STRENGTHS	WEAKNESSES
SFSCs offer a wide range of high quality, traditional and artisan foods.	Consumers do not always know where to access these products, or do not have time or transport to get to the outlets, especially if they are on farms.
Consumer demand for local foods is strong – typical consumers tending to be more highly educated, affluent, middle-aged, female and often urbanites – although demand is not restricted to this demographic.	In some cases, SFSCs cannot meet the demand for their products – for example from larger customers such as public sector bodies.
SFSCs often have autonomy from corporate food chains – either in terms of sourcing inputs or finding direct routes to market.	Limited resource for marketing and communication. Compared to supermarkets and global brands, SFSC enterprises have small budgets for marketing, even with institutional support.
Innovative partnerships and collaboration between producers and consumers, often connecting urban with peri-urban and rural spaces.	Limited ability to expand is a problem for some small enterprises due to one or more of following factors:  Due to their location they are confined to small, local markets (on-farm SFSCs in particular)  High costs of production, processing and transportation can inhibit expansion  However, it should be noted that expansion

	is not always a business ambition for SFSCs; some want to sustain current operations, rather than grow bigger.
Individualised and tailored service can be offered to consumers.	Small workforce and reliance on key individuals to multi-task can lead to 'burnout' (on-farm SFSCs in particular)
Strong ethical frameworks shared between producers and consumers, centred on supporting local economies and environmental resources (in particular CSAs and other neo traditional SFSCs e.g. farm direct deliveries schemes)	Danger of being perceived as socially exclusive or a middle class 'niche'

OPPORTUNITIES	THREATS
Supermarkets offering space to local small-scale producers as occurs in Austria and France can open up access to bigger markets. (not applicable to CSAs or public procurement)	Supermarkets developing own SFSCs and offering local produce or produce of clear origin with greater transparency to consumers could eventually squeeze small suppliers out of the market.
Growth in Smart Media especially smart phones which make internet shopping increasingly easy for consumers. Some SFSCs are taking advantage of this – particularly some of the larger and more developed box delivery schemes which offer choice and flexibility for consumers.	Small enterprises often lack the necessary skills to take advantage of new opportunities in communications technology. Remote rural areas may not have access to reliable broadband or mobile phone networks.
Sustained and growing consumer interest in food origins, animal welfare, environmental sustainability and health. There is an opportunity to situate food from SFSCs within context of a healthy, sustainable diet.	Downward pressure on consumer spending power due to recession and economic crises in Europe – although in some countries (e.g. UK) sales of local food have held firm despite economic downturn
Growing institutional interest in public procurement of local food produce.	Small enterprises unable to supply public institutions with consistent quality and sufficient quantity on their own.
Tourism – there continues to be high interest in agri-tourism, access to green-space, 'authentic' holiday experiences and purchase of local foods when on holiday. This is particularly relevant to on-farm sales or farmer-owned retail outlets, but there is still much potential for further development for all types of SFSCs in relation to territorial branding and linking to agri-environmental	In some cases, there is failure to integrate food and farming with tourism strategies and stakeholders and to offer easy access to visitors. On the other hand, there is also a threat of proliferation of labels and logos which can confuse visitors. Free riders might take advantage of the touristic demand (fake local products on roadside,

initiatives.	etc.)
National and/or regional institutional strategies to promote SFSCs can provide very good support, particularly oriented to training and marketing/promotion. The increasing number of urban or city food strategies to increase local food production can also help create new market access for SFSCs.	SFSC enterprises do not always know what support is available; conditions attached to the support may not always sit comfortably with the business aims of the SFSC.
The ageing population – the typical consumer of products from SFSC in many countries is middle aged or older women, a demographic which is set to grow - represents quite a stable market which can be further developed. However, SFSCs are also of interest to younger consumers who may have different shopping habits and this segment is under-developed.	If younger generations do not take an interest, the full potential market is not realised. Also, from the farming point of view, if younger generations are not engaged, valuable knowledge, skills and heritage could be lost.
Increasing cost of oil in the long term is likely to push food prices up. SFSC potentially have lower transport costs – but only through collaborative approaches, smart logistics and access to energy - efficient vehicles.	Small enterprises may not have the means to invest in environmentally benign transportation systems. Rising costs of inputs may also counteract savings from transport. Of relevance to farm based SFSCs is the fact that rural infrastructure often makes transport expensive and difficult.
Climate change in some regions will lead to increased productivity (e.g. warming in Northern Europe) and possibilities to diversify into new crops which could enhance the range of produce supplied by SFSCs. Globally, sources of imported food may be threatened, which could lead to greater need for food to be sourced more locally.	Climate change in some regions will threaten production (e.g. water stress in Mediterranean region).

#### **6.4 Recommendations on possible policy tools to support SFSCs, with attention to small-scale producers in particular**

##### **6.4.1 Can a labelling scheme help?**

Synthesising from the literature review, database and case studies, it is possible to draw up the following pros and cons with regard to a possible labelling scheme.

- Labels and /or logos can be used to communicate important information to consumers. They are of most importance when consumers are not buying directly and face-to-face from producers. When consumers buy direct from producers, a label is less important because the consumer can make a judgement about the quality of the product on the basis of their interaction with the producer. In addition, a label and/or a logo at EU level can be useful, as shown in the Austrian case study, to provide a framework and/or a benchmark to stakeholders in Member States where SFSC are less numerous and/or less codified than in others.
- A label and/or logo can also be used to signal that a product has been certified in some way and this is important to protect products from cheap imitations. It is useful to compare the features of well-established labelling schemes such as Bienvenue a la Ferme (BF) and Gutes Vom Bauernhof (GvB). They share the following key features:
  - The labels are registered brands or trademarks
  - They have wide geographical coverage – a majority of regions, or the entire country
  - They have strong institutional support at national and sub-national levels
  - They have relatively high recognition – previous surveys on these schemes suggest approximately 50% or more of consumers know of the label
  - They promote traceable, high quality, authentic food direct from farms
  - They use external verification
  - Entry criteria include production, processing, sales and marketing elements
- Whether a European wide labelling scheme for farm products and direct sales would be effective depends largely on what is to be covered (and possibly certified). Bearing in mind what we know about the motives and values of the producers and consumers involved in constructing SFSCs, it seems that two elements are vitally important:
  - The origin and quality of the product – does the consumer know exactly where it came from, how it was made and who made it?
  - The nature of the supply chain – was the product sold at a fair price, e.g., for producers, ensuring the highest share of value added possible is retained at producer level, and for the consumer, guaranteeing an affordable price for quality food? Will it assist the local economy?
- It could be argued that existing Fair Trade labelling schemes address these elements to a degree (it is not surprising that several SFSCs also offer fair trade certified products to their consumers in addition to their own products), although they do not always provide information on the farm of origin. Also they are not restricted to one of a limited number of intermediaries. Fair Trade labelling is most usually applied to imported / tropical products but nevertheless, there could be merit in further exploring the applicability of this concept to SFSCs in Europe.



- Some respondents in the case studies mentioned that a Participatory Guarantee System would be highly appropriate for this sector, in particular for neo-traditional SFSCs (their applicability and suitability to traditional SFSCs are less evident). Participatory Guarantee Schemes (PGS) were developed within the global organic movements and the definition established by the PGS Task Force (2008) is: “*PGS are locally focused quality assurance systems. They verify/certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange*” (International Federation of Organic Agricultural Movements – IFOAM, 2008)<sup>30</sup>. The applicability of the PGS model for SFSCs would require further research and scoping in order to identify suitable mechanisms and examples of good practice.

## ii **Cons**

- In a context of proliferation of labelling schemes, consumers might feel even more confusion with an extra layer of labelling schemes and stop taking notice of them. On the other hand, there is evidence that SFSC oriented consumers are reading labels and interested in having them as clear as possible (see the case study in France). It has to be noted there are already several national and/or regional labels and logos referring to SFSCs (BF, GvB, etc.) and a correct articulation between an EU scale approach and the existing examples might not result in more labels and/or logos for consumers but on the contrary would deliver some global clarification on what can be considered as SFSCs, local sales and farm products in the EU. All in all, the introduction of an EU wide labelling scheme would require sufficient time to impose itself. It is notable that BF and GvB have both been established for well over a decade
- Many respondents in our case studies pointed out that labelling schemes inevitably impose costs on producers and make their products more expensive. Given that SFSCs already face competition from cheap non-local food or ‘fake’ local products, increasing costs of their produce would not appear to be a helpful strategy, so consideration needs to be given to ways of reducing and/or subsidising the cost, while not impairing the needs for reliability of the system against fraud and therefore the trust by consumers and citizens. There is evidence of consumer willingness-to-pay for local products which might allow higher control costs, but returns to producers might be affected.
- While labelling might help consumers to reduce their difficulties in finding / spotting SFSCs products available on markets, on its own it would not address the problem of lack of availability and access to produce from named farms or the barriers to small-scale producers seeking to develop SFSCs, especially in business start-up phase. This instead requires solutions around logistics, marketing, and public procurement, and therefore suggests that the regulating activity should not be restricted to labelling but should include other policy tools such as financial incentives, training and exchange of knowledge and skills, the development of regulatory and administrative frameworks, etc.

## iii **Recommendations**

As reflected in the previous discussion, there are pros and cons in the establishment of an EU labelling scheme for local / farm / SFSC-originating products. Globally, arguments in favour

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<sup>30</sup> See also: [http://www.ifoam.org/about\\_ifoam/standards/pgs/pdfs/PolicyBrief-HowGovernmentsCanSupportPGS.pdf](http://www.ifoam.org/about_ifoam/standards/pgs/pdfs/PolicyBrief-HowGovernmentsCanSupportPGS.pdf)

are that it may potentially bring more recognition, clarity, protection and value added to SFSCs and arguments against are more centered on the possible absence of benefits, and the potential costs which might be incurred.

Different countries in the EU are at different stages in terms of developing labelling for SFSCs. Labelling schemes therefore have to be tailored to fit the conditions in each country, including the maturity of SFSC development and consumer behaviour and the existing schemes in place in several countries. Therefore, providing a framework and guidance within which member states have flexibility to develop / create their own labelling schemes could be helpful. Part of the framework could determine some common requirements for a label and/or logo, concerned with aspects of quality (production, processing and marketing stages), traceability and validation but there should be flexibility in terms of implementation of the short food supply systems. In addition to key requirements defining the scope of application, it is important to ensure credibility of the labelling scheme, and so a number of operational questions would also need to be addressed. For example, which institution(s) would be charged with managing the labelling scheme, e.g. self-declaration or certification, controls? Would participation in the labelling scheme be subsidized through existing EU CAP policy mechanisms (Rural Development) or others (EU cohesion or social policy, national and regional funds, etc.)? Addressing those questions was not in the remit of this study.

It could be useful to consider whether to generate a European database of national labelling schemes in the different MS which meet European Union framework regarding quality and traceability and/or transparency. Eventually this could become a common reference point for stakeholders (including consumers) but this would take several years to achieve and would require a careful cost-benefit analysis. The form could be an EU website or paper list; alternatively Member States and /or regions could be entrusted with the legal obligation to provide this information to the citizens and consumers.

Note: it is important to be clear whether ‘traceability’ or ‘transparency’ would be required<sup>31</sup>. Traceability in the sense of the faculty of any operator in the food chain to trace back the purchaser of the goods it markets (upward) or to keep trace of which operator supplied its goods (downward) is already a legal requirement pursuant to the EU food legislation. In some sectors EU rules are more stringent, e.g. in the bovine meat sector, compulsory rules on the labelling of the place of birth, breeding and slaughtering of animals are in place. More information can be assured by common traceability systems in place in food chains, for example, a product could be traceable by means of a ‘code’ which identifies a farmer. This type of traceability is common in supermarkets, but the code has to be ‘translated’ into the name of a farmer – through reference to the internet or other information source provided by the retailer. It could be argued that this is a form of ‘indirect’ traceability for the consumer, because some kind of intermediary is required to ‘translate’ the code into meaningful information. Other retailers print the actual name of the farmer on the packaging. This is a more ‘direct’ form of traceability but it is difficult for the consumer to quickly verify and depends on a degree of trust in the supermarket (i.e. that the supermarket labelling is correct and truthful). Transparency, on the other hand does not have to be communicated by any third party or device. Rather, it is conveyed by direct and instant communication from the farmer – which may be verbal or in the form of farmers’ own labelling / information system (which could include internet sales). It is worth considering that any new labelling scheme should be

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<sup>31</sup> Thanks to Yuna Chiffolleau for drawing this distinction to our attention.

transparent enough and refer to at least 'direct' traceability as described above or full transparency.

### 6.4.2 Other policy tools?

Labels are just one way of supporting SFSCs but they are not the single solution to the problems facing small scale producers. Therefore, the European Commission could also pursue other strategies to support the sector, especially when businesses are in the start-up phase:

- Make use of existing facilities such as the LEADER programme and European Rural Development Network. Both have already been active in supporting SFSCs in a number of countries (e.g. the LEADER European Observatory published a toolkit and training manual to develop local food projects in 2001 - <http://ec.europa.eu/agriculture/rur/leader2/rural-en/biblio/circuits/circuits.pdf> - and the newest publication of the ENRD on this issue available at [http://enrd.ec.europa.eu/app\\_templates/filedownload.cfm?id=18EC541F-CB32-ED81-55DF-AFB25B27E01E](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=18EC541F-CB32-ED81-55DF-AFB25B27E01E)). In general, Member States should be encouraged to lay down thematic sub-programmes on short food supply chains, as proposed by the Commission in their CAP towards 2020" proposals.
- Use the above networks to promote greater training and knowledge exchange for the producers and consumers involved in SFSCs. In particular, there is a need for training in marketing, promotion and communication skills for farmers. Also, advice in logistics and use of smart media and contemporary communications technology is required. Promotion of the labelling scheme(s) is another important area in order to increase recognition among consumers and therefore enlarge the potential uptake.
- Linked to the above point, the EU could consider identify a number of 'beacons' to assist with knowledge transfer in relation to SFSCs. These beacons would showcase examples of existing successful SFSCs, and these could also be supported through funding to champion SFSCs in their own countries and regions and to promote knowledge exchange about SFSCs more widely across the EU.
- Given that many SFSCs describe themselves as organic, even if not all are certified as such, EU support for organic production has an important role to play and policy initiatives in the organic sector should dovetail with initiatives to support SFSCs.
- Given the social benefits of SFSCs, the possibility of using EU funds beside the CAP could be explored. Early studies and evidence from the database suggests that a case could be made to use public money to support SFSCs in order to generate positive social impacts, including health and well-being dividends which are generated through access to quality foods, green spaces, and better sense of community. However, more rigorous evaluations are needed, including the development of appropriate methodologies to 'measure' and 'value' the social impact of SFSCs, possibly in non-monetary terms, but also in terms of quantifying the impact of a reduced burden on national health and social care bills which could be attributable to citizen participation in certain types of SFSC.

### 6.5 Proposals for further research in the area

In relation to this project specifically, it would be useful to have an additional phase of research in which selected examples in the database could be followed up in more detail through direct contact and further fieldwork.

We have identified the following areas for future research:

- Whilst there is no doubt that SFSCs are an important and, in many cases, vital element of farm business strategies, further work is required to evaluate social and economic impacts and this would require the generation of new primary data in most cases. There is currently little published research which has generated baseline economic data from which impacts can be measured. It is also vitally important that SFSCs are judged on their social and environmental contributions to sustaining rural economies, managing environmental resources, improving access to quality food, preserving traditional skills and knowledge and developing innovative and fair routes to market.
- Need for more focused research on the relative merits of labels and logos and on factors of success/longevity for SFSCs.
- Need for more research on the opportunities for rural-based SFSCs to tap into urban interest in local foods, especially given the emergence of city food strategies which seek to re-localise elements of urban food supply.
- There is a continuing need for systematic and comparative research, moving beyond single case studies and recognizing the strengths and weaknesses of different types of SFSCs throughout the EU. Indeed, it is notable that some of the best evidence generated to date has originated from European funded cross-country research projects. The EU's farm accountancy data network (FADN) is an example for this.
- The full value of the 'exchange economy' in relation to SFSCs and its potential to release volunteer energy and to promote social and community cohesion is an important dimension and worth future research.
- Further research is needed to examine means of enabling increased access to SFSCs for all sections of society (recognising that some SFSCs already do engage specifically with low-income consumers). This may involve efforts to address the *perception* of SFSCs as being more expensive in some countries.
- Linked to the previous point, there is need for investigation into whether prices actually are higher for food purchased from SFSC. If they are, it is important to understand the reasons for this and also to clarify the implications of pricing for SFSCs.
- Research needs to be performed cooperatively with the beneficiaries and territorial stakeholders.
- The critical role of policy and socio-economic research in each case is worth highlighting in terms of providing vital support for the development of the local food sector.

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#### Abstract

The present study aims at describing the state-of-play of short food supply chains (SFSC) in the EU understood as being the chains in which foods involved are identified by, and traceable to a farmer and for which the number of intermediaries between farmer and consumer should be minimal or ideally nil. Several types of SFSCs can be identified, for example CSAs (Community-Supported Agriculture), on-farm sales, off-farm schemes (farmers markets, delivery schemes), collective sales in particular towards public institutions, being mostly local / proximity sales and in some cases distance sales. Such type of food chain has specific social impacts, economic impacts at regional and farm level as well as environmental impacts translating themselves into a clear interest of consumers. SFSCs are present throughout the EU, although there are some differences in the different MS in terms of dominating types of SFSCs. In general, they are dominantly small or micro-enterprises, composed of small-scale producers, often coupled to organic farming practices. Social values (quality products to consumers and direct contact with the producer) are the values usually highlighted by SFSCs before environmental or economic values. In terms of policy tools, there are pros and cons in developing a specific EU labelling scheme which could bring more recognition, clarity, protection and value added to SFSCs, while potential costs might be an obstacle. Anyhow, a possible labelling scheme should take into account the current different stages and situations of development of SFSCs in the EU and be flexible enough accommodate these differences. Other policy tools, in particular training and knowledge exchange in marketing and communication, are considered important and should continue to be funded by Rural Development programmes, as well as possibly other EU funds in view of the positive social and not specifically rural impacts.

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