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

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Contribution of the Study

• Provides a preliminary investigation of Alternative Food Networks – primarily farmers’ markets
• Develops 4 propositions (based on the RBV) for further research in this topical area
Background: An Increasing Demand for Local Food

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

Box Scheme

Speciality Shop

Farm Shop

Farmers' Market
Farmers’ Market
Farmers’ Market
Farmers’ Markets

**Customer**

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

**Farmer**

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

- Valuable – permit short supply chains
  - Enjoyed selling and ‘market place ambience’
  - Proposition 1: Farmers’ markets shorten the food supply chain thus permitting customers to exploit valuable superior product information

- Rare – provide a single outlet for high quality produce
  - Reliant on cluster of primary producers
  - Committed to maintaining product quality
  - Authenticity? Craft goods, products not local
  - Degradation of concept of local farmers’ selling local produce – a market?
  - Proposition 2: Leveraging the scarce and distinctive characteristics of farmers’ markets to achieve abnormal rents can only be achieved through a commitment to quality and authenticity from all primary producers and market organisers
Attributes of Farmers’ Markets

• Imperfectly inimitable – synonymous with sustainability
  • High quality produce, low food miles, healthier lifestyles, community
  • Customer profile attractive to farmers – “customers come to spend money”
  • Proposition 3: Farmers’ markets possess socially complex phenomena that are synonymous with sustainability and impose constraints on imitation by competitors

• Non-substitutable – primary producers selling local produce
  • Farmers satisfied by service provided by farmers’ markets
  • Difficult for supermarkets emphasise ‘locality’ (maximum distance)
  • Difficult for supermarkets to impart knowledge held by primary producers
  • Proposition 4: The presence of primary producers at farmers’ markets yields additional value to customers that cannot be substituted by conventional product labelling
Further Work

• Farmers in this study appeared satisfied with farmers’ markets as a viable supply outlet due to:
  • Customer base
  • Ambience
  • Connection with customers

• Findings suggest farmers’ markets are a viable distribution channel for small scale, local producers

• Comparison of AFN characteristics with concept of global value chains (Gereffi et al, 2005) – AFNs a new type of producer driven supply chain offering different competitive advantages?