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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?