Sustainable food supply chains in Europe

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Results from the SUSCHAIN project

www.sus-chain.org
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2. Actual challenges for the agro-food business
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Project mission and structure:

- Identify bottlenecks to enhanced sustainability in agro-food chains
- recommend actions for actors and policy - especially with regard to rural development

7 countries: NL, I, CH, LV, UK, B, D
14 partners: 1 scientific partner + 1 NGO per country

Research steps:

1. The situation of the agro-food business in Europe (literature review and expert interviews)
2. Sustainable food supply chains (case study work, 2 cases per country)
3. Cross-country comparison of case study analysis
Farmers / Agriculture

- environmental problems in rural areas
- structural problems (abandon, loss of income, poverty)

Food industry

- stress of competition in small & medium sized companies
- loss of producing / processing structures in rural areas

Retail & trade

- tendencies towards concentration and internationalisation
- price-centred competition, sinking benefits: “race to the bottom”

Consumer

- low involvement ⇔ rising food worries
- price-oriented, spontaneous buying decisions
Income losses on farm level:

What farmers get out of consumers‘ expenses for food (in %)

Source: FAL / BMVEL, 2003
Consumer-driven:

- Food crises and scandals
- Changes in consumption patterns, growing awareness
- Globalisation leads to a re-orientation towards the own region and regional products
- Growing demand for healthy, high quality, ethically correct and secure food products

Supply chain actor-driven

- Farmers seeking new income forms
- Food chain actors seeking new strategic cues
Results of case-study analysis with regard to the following core themes:

- Marketing
- Communication
- Organisation and structures
- Networks
- Public support
Marketing

Comprehension of marketing as “market oriented management”

- Refusal of “marketing” as a management tool

Knowledge about the strategic and operational tools of marketing conception

- Lack of this knowledge

Ability to formulate a clear profile (“Unique selling proposition” - USP)

- Strong tendency to combine different cues, resulting in an unclear profile

Factors of success versus risks of failure
Communication

Ability to communicate vertically (direct / indirect) with the consumer
- Vertical links obscured by retailers

Co-operation within the food supply chain
- Often hypertrophic at one end of the chain

Coherence of statements / credibility
- Well-intentioned but unprofessional

Simple and positive communication
- Complicated and problem-centred communication
**Organisation and structures**

- **Transparent structure and clear distribution of tasks**
  - Poorly developed structures

- **Coordination of diverging intentions**
  - Lacking (technical …) moderation knowledge

- **Structure adapted to growth and upgrading**
  - Early fixation on small volumes / markets

- **Key personality / charismatic ‘leadership’**: 
  - **chance**: access to networks
  - **risk**: concentration of power, dependencies, reduction of other actors’ motivation
Networks

Social networks provide stability
- Can render decisions difficult
- Partner institutions can contribute financial help
- Can increase transaction costs
- Partners path the way to consumers and markets
- Can limit target groups and market channels

Factors of success versus risks of failure
Factors of success versus risks of failure

Public support
Provides necessary financial help
- Can be short-sighted when granted without structural support
- Can be too complicated and lengthy to get

Provides important structural support
- Can be too normative
- Can be too less market-orientated

Gives a framework by regulations on quality and branding
- Can be useful guidelines
- Can be too restrictive
Effects on sustainability with regard to:

**Economic indicators:**
- additional added value in the region
- additional direct, indirect and induced employment
- (cost-reduction through higher effectiveness)

**Social indicators:**
- better conditions of employment
- better ability for self-organisation ("social capital")
- enhanced consumers’ confidence in food chains
- higher social integration
Effects on sustainability with regard to:

Ecological indicators:
- enhanced biodiversity
- reduced energy consumption and emissions
- reduced food miles
- **Sustainability** is becoming a common requirement from an ecological, economic and social perspective.

- Current production structures as well as alternative initiatives contain a high potential for sustainability - options for action are exemplary demonstrated by the successful case studies.

- **Sustainability** is a consistent concept that includes co-operation within all actors along the food supply chain (integrative communication from farm to fork).

- The unused potential of sustainable action is high, its non-exploitation is partly due to lacking information.
1. What are the expectations to sustainable food supply chains?

*That they are sustainable with special regard to rural areas (?)*

2. What do we mean by the term ‘sustainable’ food supply chains?

*That they provide social integration and consider cultural and know-how dimensions (?) Preserve domestic agriculture?*

3. What are the implications of organic food supply chains becoming more like the conventional supply chains of non-organic foods?

*The risks of losing special qualities and of disconnecting (domestic) farmers from the organic market can be attenuated by vertical integration (“fair trade north-north”)?*
THANK YOU!

For more information:

www.ifls.de   www.ecozept.com