Short Chain Food Supply in Flanders (Belgium): Direct Sales of Farm Made Products

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Abstract. During the last decennia, the distance between the producer and the consumer has increased strongly. This enlarged distance manifests in different areas. Firstly, the distance has become larger geographically. Food products are transported around the world and have become common goods. Secondly, the producer and the consumer are driven apart on a social level. Many consumers have never visited a farm and have no idea how their food is produced. Thirdly, the food industry, distribution and the entire agribusiness complex have settled in between producer and consumer, thus enlarging the economical distance. This system is being criticised from many points of view and opportunities are brought forward that strive towards a more durable process on an ecological level (food kilometres, food transport); an economical level (fair price for both the producer and the consumer, regional economy) and a social level (local contacts, cooperation). A variety of initiatives, both supported by the government and unsupported, are started. It seems that especially in the peri-urban area, being close to both producer and consumer, opportunities exist for short chain initiatives.

Keywords: short chain food supply, direct marketing, farm made products, chain management, agriculture and horticulture.

INTRODUCTION

Short chains represents very diverse processes of marketing. All these have two properties in common. On the one hand, they are all results of the consumer demand for authentic products, improved traceability and a social connection. On the other hand, they are the result of the expectations of the farmer in his search for a better price. In Flanders, agricultural products that are sold through the short chain are described as farm made products. At this point, there is no legal definition of farm made products, even on the European level.

Farm made products in the short chain

Farm made products are products produced and processed on the farm that are being sold to the consumer directly on the farm. Short chain supply is a distribution model that is described as a direct cooperation between the producer and the consumer, without any intermediate shackles. This can be organised in a variety of ways:

- through home sale, on the farm itself, sometimes through harvest by consumer;
- in the immediate vicinity of the farm, e.g. a local store;
- on local markets or farmer markets;
- through food teams, vegetable boxes or producer organisations.

There are multiple motifs that can urge consumers to buy farm products, e.g. authenticity, durability, quality, transparency, (fair) price, locality (local economy), taste, story (of the product), freshness or trust. The motifs of the consumers are very diverse and often differ greatly between consumers. Because of the close contact between the producer and the consumer, the farmer on one hand has an idea about the consumer motifs. On the other hand, consumers are seldomly interrogated systematically. In this way, the farmer only has fragments of information at his disposal and these are often coloured by a subset of customers. Consequently, the producer often has an incomplete image of the strengths and weaknesses and of the best combination of the marketing mix: price, localisation, product and promotion.

Farmers often step into short chain sales with a minimal knowledge of market information. In many cases, the sales activity starts as a secondary activity. The direct sale contributes mildly to the entire turnover. The efforts in the area of advertising and marketing are limited. The main aim is verbal advertisement to improve the marketing. Under these circumstances, the potential of home sales as a sector is not fully utilised. The fact that a farmer has the best product, best price and best service is only of use if the product is marketed successfully. A successful marketing demands knowledge of the market. Small scale sales units of farm made products do not have the resources for intensive (and expensive) marketing studies. Only few studies are publicly available. Moreover, it is difficult to extrapolate the results from such studies to other sectors or regions. Companies that want to approach the market in an active way have little information at their disposal to position themselves and anticipation based on the scarce information is not self-evident. Many producers are mainly focused on the product and the production process. The active adaptation based on customer feedback is still insufficient.

Buying at the farm asks for a change in habit from the customer. The average consumer follows the one-stop-shopping pattern. In this pattern, the consumer buys all the needed products in one store. Supermarkets are ideal for this pattern. Taking advantage of this pattern, supermarkets have been increasing their range of products over the past few years. Of course, the farm stores do not offer this variety in products. At some stores, only a handful of products is offered; products that are produced at the farm itself. It requires a different approach and intensive communication to make the consumers change their habits.

The direct sales through short chain channels are not new. Because of urbanisation, agricultural intensification, improved conservation techniques and the appearance of supermarkets, the short chain initiatives disappeared in industrialised countries. Also, the food chain is becoming more and more globalised. The concept of ‘short chain’ can point to the travelled distance alone but it can also be seen as a means to promote durable development, looking back at the three pillars of durability: prosperity, welfare and world. In this context, the short chain initiatives are typical for local food systems.

Advantages and disadvantages of the short chain

Based on a literature study, the advantages of a direct contact between producer and consumer have become apparent. Much depends on the organisation of the short chain. Depending on the exact composition of the short chain initiatives, the advantages and disadvantages will be more distinct.

Prosperity. Improving the local economy with opportunities for small scale and mixed companies, often in the peri-urban area and in the vicinity of the consumer, holds
potential. The process leads to a transparent and honest pricing and (depending on the means) a guaranteed marketing.

**Welfare.** The direct contact between producer and consumer leads to a qualitative and trustworthy relationship, an ameliorated image of the sector, an increase in transparency and a recovery in the social relations.

**World.** Reduced transport, limited packaging waste and energy savings are motifs. In many short chain initiatives, extra environmental criteria are brought into practice; sometimes the focus lies on organic culture.

Negative aspects of short chain initiatives are also mentioned. The initiative is time-consuming for the producer and the marketing is often insecure which can lead to an insecure rate of return. Different authors note that little research has been performed.

*Short chain sales at the farm*

Research ordered by VLAM and performed by GfK Panel Services Benelux shows that primarily families with a low income and families where both parents work have recently found the way to the farm. In Belgium the farm turnover increased in 2008 with more than 25 percent. The growth is caused by an increase in buyers, but primarily because of an increase in money spent per purchase. Three-quarters (76 percent) of the turnover is realised in Flanders.

**Turnover at the farm.** In Flanders, 24 out of 100 people bought at the farm [B, 2008 19 percent]. The average Belgian farm buyer spent 136.70 euro in 2008 spread over 8.3 buys. The average amount of money spent per buy was 16.50 euro. The total farm turnover in Belgium increased spectacularly in 2008 with 25.2 percent. In Flanders, the increase was even higher, with 27 percent. This is due to both a higher number of people and a higher amount of money spent per buyer than average (145.50 euro). The average amount of money spent per buy in Flanders is 17.30 euro.

**Purchases at the farm.** Potatoes remain an important product category to bring customers to the farm. This category holds the highest number of buyers. Ten Belgian families out of 100 bought fresh potatoes at the farm last year. Further down the list are fruit (eight families), vegetables (7 families), eggs (5.3 families), dairy (3.4 families), poultry and wild (2.1 families) and meat (1.8 families). In Flanders, the number of farm customers for vegetative products is three units higher than the average. For animal products, Flanders and Wallonia score the same. In contrast to the number of customers meat is the most important category within the total farm turnover. Meat accounts for 22.8 percent of the total farm turnover of 116.7 million euro in Belgium. Fruit takes the second place with just below 20 percent and on a shared third place is vegetables and potatoes with 17 percent each. In Flanders, fruit is the most important category with a share of 22.8 percent, followed by vegetables (18.9 percent) and potatoes (17 percent).

**Buyers at the farm.** The clientele of the farm exists mostly of retirees and small single income families. Together, they represent more than half of the clientele and provide for 65 percent of the turnover. Next to the direct contact with the farmer, the farm often also offers a price reduction. For example, the farm is the cheapest location to buy potatoes. Fresh fruit and vegetables are also substantially cheaper at the farm than anywhere else.

*Case study: market research in the meetjesland*

**Consumers.** Farm made products have a high penetration. Interviewed [n = 109] at local markets, three-quarters of the consumers claimed to buy at farms occasionally. It also appeared that farm made products are strongly appreciated. The average consumer shows a
greater willingness to pay extra money for farm made products compared to organic culture or fair-trade products. The large number of consumers that visits farm stores and the large willingness to pay extra are explained by the positive associations consumers make with farm made products. The associations ‘fresh’, ‘artisanal’, ‘pure nature’ and ‘good taste’ are spontaneously made by consumers when asked for their impressions of farm made products. Yet one out of six consumers associates farm made products with ‘expensive’. If a promotional campaign would be started, one of the points should be to remove this association. Apart from that, promotion is not unnecessary. Over 70 percent of the consumers that have not bought at the farm blames this to the lack of knowledge concerning the existence of farm made products.

The consumers of farm made products that took part in an inquiry at the farm stores [questionaire n = 156] are primarily over 35 years old. Remarkably, all age categories above 35 were equally represented in the inquiry. Perhaps this is a distorted image of the reality. Older people may be less willing to fill out an inquiry form. One conclusion that can be made is that people above 30 and 40 find their way to the farm stores. Consumers of farm made products are convinced consumers. Nearly three-quarters of the people are willing to pay extra for the farm made products. In this matter, farm made products score better than products of organic culture, fair trade products and local products. The answer to this question does not indicate that consumers are effectively willing to pay extra. After all, there is always a difference between an answer at an inquiry and the real behaviour. On the other hand, the high score compared to the other product groups is an indication for the added value that consumers credit to farm made products.

Within a family, women mostly take the decisions concerning the food purchases. Women are also the greatest proponents of farm made products within consumer families. Consequently, publicity campaigns should target women. After all, women determine the products that are bought and can convince the other family members to consume farm made products.

Only a third of the consumers thinks it would be an advantage to find their favourite product in the supermarket. Two thirds prefer to keep buying their favourite product at the farm store. Possible explanations for the limited interest to buy the product at the supermarket are linked to the fact that these people have already abandoned the one-stop-shopping pattern. Because of the freshness of the products, the contact with the producer and (to a lesser extent) the setting of the farm and the landscaping, they prefer to buy their products at the farm. Supplying a local supermarket should therefore not threaten the farm store turnover.

The assortment of products in the farm store is – although sometimes very limited compared to a small grocery – large enough for nearly all farm store customers. It does indicate that the customers are searching specifically for one product or a small selection of products. If the farm store manager would like to expand his assortment, he would be best to do it with products from a colleague producer since about 40 percent of the consumers finds that a farm store should only sell its own products. Another 40 percent finds that the store should only expand with products from other producers. Only 20 percent of the customers would allow the farm store to expand its assortment to that of a small grocery store. Nearly three quarters of the inquired customers found the origin of the product important. The support of the local economy, the sense of regional identity or the existence of a social network are explanations for the importance of the origin.

Over three quarters of the inquired consumers prefers to be able to visit the store during working hours. The large share of retirees and housewives among the respondents explain this high rate. About one third of the respondents would also like to be able to visit
the store at weekends. Visiting the store after working hours is preferred by only one sixth of the respondents. In order to give the younger, working consumers the opportunity to visit the store, it should at the least be opened at Saturday morning. The importance of knowledge regarding the production process should not be underestimated. Nearly 90 percent of the customers marks this as important. Clarity and transparency towards the customers is therefore advised. Open visiting days could help to bring the story in a focused manner. But the producer could also give some explanation at each customer contact. After all, a personal approach is often the best way of communication. The farm store manager could provide information concerning products, observe the perception of the customer, answer questions … This way, the farmer can assure each customer in a personal manner. A newsletter would also be a suitable communication medium to spread information about the company. Apparently, customers are already well informed regarding these issues, because 90 percent of the customers think they know how the products that are bought, are produced. However, communication demands a thorough effort that can not weaken. Existing customers could leave when communication weakens and finding new customers requires an extra effort.

Over half of the customers lives within a five kilometre radius from the store. Generally, there is no large difference between the product categories. The difference between different points of sale is however large. Surprisingly, over 60 percent of the consumers buys his products at only one farm. This strengthens the observation that many consumers are searching for one or a few products for which, in their opinion, the farm assures an added value. It is possibly an indication for the loyalty of a large share of the customers, which is important for a store. The most important medium for farm stores to attract new clientele is verbal advertisement. This is possibly explained by the limited efforts of the stores in the area of advertisement. Verbal advertisement is effective. Moreover, it is the strongest manner to find new clientele. However, the disadvantage lies in the fact that producers do not control this kind of advertisement. Store managers could look for new ways to advertise. A sign by the road or directions primarily helps local customers to discover the store. Other media (adverts in the papers, an open visiting day, internet, group visits) contribute less to lure new customers. These media are useful in spreading information about the production process to both existing and potential customers.

Supermarkets and grocery stores. In the Meetjesland, some farm made products can already be bought in supermarkets and grocery stores [questionaire n = 15]. At grocery stores and small, independent supermarkets, there are opportunities to market farm made products under certain conditions. At supermarkets, the import is centralised, meaning there is mostly no margin for individual stores to buy in products independently. At independent supermarkets only a limited number of products are available to achieve the highest possible flow per product. Moreover, buying products in bulk allows the store managers to negotiate a lower price. For these reasons, independent supermarkets also hold on to their providers. Other explanations on why the providers do not offer farm made products are linked to this fact. Store managers expect slow sales of farm made products; the customers are not familiar with them or there is at least no demand for them. Farm made products with the highest potential at grocery stores or supermarkets are dairy products.

Processers and mass caterers. A surprisingly large number of caterers [questionaire n = 15] claims to use farm made products. This is positive. Of course, a producer should keep in mind that caterers have to work under strict price conditions. A cost similar to the one of products that do not originate from the farm is the primary reason to buy farm made products. One possible way of dealing with this, is providing the caterers with example menus based on farm made products or with at least some farm made products as ingredients; the total price of
the menu must stay under the maximal cost. Caterers have a limited number of suppliers. Only a few are willing to buy products that come from a different supplier than their regular ones. Supplying the suppliers of caterers is a possible solution to increase the penetration grade of farm made products in mass caterering. This will undoubtedly be at the expense of the profit margin. On the other hand, a relatively high volume can be delivered to intermediate suppliers at a relatively low logistical cost. The locality is an argument. The people responsible for buying take into account the origin of the product. They are willing to pay extra - to a higher degree than for organic grown products - for products from the region. Remarkably, all caterers see an added value in the fact that their clients can visit the suppliers of their ingredients. Offering this possibility could enhance the involvement of the consumer. For the caterer, this is an important added value.

**Points of sale.** The service is excellent in some farm stores [mistery visits n = 26], but should be improved in others. A number of companies invests in the development of the farm store to a fully functional branch of the company. At other farms, the direct sales is merely a side-activity and one can hardly speak of a store. The differences in the importance of the stores is reflected in the scores based on the mystery visits. It is not necessarily true that the businesses with the most intensive approach scores best.

The reception ranged from adequate to excellent in all companies. The customer was welcomed - yet not always - with a smile. A warm welcome makes the customer more susceptible to purchasing an (extra) product. The waiting times varied from non-existent to acceptable. The service also varied from adequate to excellent at the different farms. At some points of sale, the customer is not really heard and the customers wishes are not taken into account. Often, there is no attention payed to the questions of the costumers regarding products and production methods. At some of the points of sale, the products were sold in a dark barn or a non-attractive side building. At other places, the store is spacious, modern, conveniently arranged and has a nice atmosphere to it. Consequently, the differences are vast. The point of sale may look rustic; this contributes to the authenticity of the store. However, some stores are dark and ready for demolition. It is also not always very easy to discover the store on the farm. Signage could help to orientate new customers immediately.

The range of the assortment of products is very different between the points of sale. The assortment does not need to be large. After all, the inquiry indicated that many consumers are specifically searching for one or a few products with a clear added value. In a farm butchery, a minimal number of products needs to be present. Customers do not want to consume the same meat in the same form all the time. A at dairy processing business, the assortment can be smaller. En when the farm sells fruit, a assortment of a few types of apples and pears, if possible combined with juices, is already sufficient. However, the assortment should be sufficient and equilibrated. There needs to be a minimal supply of each product. This was not the case at some farms.

Promotion in and around the store invites people to visit the store and purchase. A nice company sign can be the first welcome and is a way of communication with the client. Signs guiding the customer to the store and other facilities improve the clarity. A price tag on the products also creates clarity for the customer. Advertisement and recipe folders can convince the customers to purchase. Many farm stores score badly to adequately on the level of promotion. Promotional material is scarce or not present and there was not a single store with tasters. The most intensively ran stores have a nice company sign. At other locations, there is merely a sign with the offered products and at some locations it is not even clear whether or not it is a point of sale since there is no indication at the side of the road.
Regarding the infrastructure, most farm stores could perform better. In many cases, there is enough room to place the car, but only a few stores have a clearly marked parking zone. From the consumer inquiry, it appears to be that more than half of the consumers lives within a five kilometre radius, and 15 percent lives within a two kilometre radius. It should therefore be expected that some customers arrive by bicycle. Yet there are only a few farm stores with a bicycle rack. Playgrounds for the children accompanying (grand)parents were not found. At some locations however, attention was payed to the facilities. A farm store that sells dairy products, including ice-cream contained a nicely looking, roofed pick nick area. In a busy store, there were a table and chairs and some reading material.

CONCLUSIONS

To meet the wishes of both producer and consumer, the sale of farm made products can be developed as an economical activity. This is a suitable example of short chain sales. Based on mystery visits in the Meetjesland, it seems that the human aspects (reception and service) are good to very good at most points of sale. The variety of offered products also manifests very few problems. The infrastructure (store decoration and facilities) and the material support of the sales process (promotion) can still be strongly improved at several companies.

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