

# PECULIARITIES OF ORGANIZATION AND MARKETING OF SHORT FOOD SUPPLY CHAINS

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## INTRODUCTION

- The need to organize short food supply chains (SFSC's) has been felt for the last few years. Farmers and small producers have long felt the need to shorten food supply chains, speed up not only production but also sales processes.
- However, this is not only a major bureaucratic challenge, but also a rapidly changing consumer behaviour and the challenges of a pandemic, as well as the application of a new generation of knowledge, innovative technological solutions, good management and marketing tools.
- A helping hand to address these issues is also provided by EU support funds, which have been able to apply for support to promote short supply chains and local markets at the regional level.
- According to the Lithuanian Rural Development Program 2014–2020, 1.88 million Eur has been allocated for the promotion of these activities. The main goal is to encourage cooperation between farmers, small producers and scientists and consultants.
- To this end, new cooperation initiatives are being developed, called European Innovation Partnerships (EIPs). Researchers from the faculties of Bioeconomy Development, Agronomy, Forestry and Ecology, and Vytautas Magnus University together with partner consultants and farmers have established such an EIP action group called *InnoFood Hub*.
- During the implementation of the project, partner farms are visited, practical and scientific discussions on farm problematic issues, field days, seminars are organized. The meetings highlight once again the need to respond more quickly to global trends in the search for innovative ways of production, marketing and sales.
- According to FAO (2020), the short food supply chain, in the context of the effects of *Covid19*, will face and is already facing problems such as reduced production volumes, lower capacity utilization and disruption of food production due to labour shortages.
- Particularly dangerous are disrupted food supply chains, barriers to transport routes that prevent fresh food supply chains from functioning independently and efficiently.
- All of this threatens food losses on a larger scale and the extent of food waste generation. Also one of the major consequences of the pandemic is transport restrictions and quarantine measures that prevent farmers from entering the markets for raw materials and products, as well as curbed production capacity and banned / restricted outlets. Therefore, there is a need for farmers to find new channels to reach the "users" market.
- **Aim of the research** – to reveal the theoretical features of the organization and marketing of short food supply chains.
- **Key words:** Short food supply chain (SFSC), SFSC organization, SFSC stakeholders, SFCS market needs.

## THEORETICAL FEATURES

- Food demand is generally inelastic and the impact on overall consumption is likely to be limited, although dietary habits may change during a pandemic. The FAO predicts a disproportionate decline in consumption of meat products (due to the *zoonic nature*), which could lead to a fall in prices.
- Disrupted normal consumer behaviour (fear of infection) may exacerbate the impact on food consumption by reducing visits to food sales and leading to a change in purchasing patterns: lower flows in restaurants, shops, an expanded e-commerce market and increased home consumption for farmers and producers.
- The successful development of SFSC is achieved not only through the promotion of individual producer initiatives, but also through the merging and coordination of many small but complementary initiatives. Such initiatives can or even need to take a wide variety of organizational forms, including small and micro-enterprises, social enterprises, community-based businesses, farmers, small producer groups, various forms of cooperatives, and community-led initiatives. The development of SFSC in collaboration creates a multi-person benefit, which is illustrated in Figure 1.

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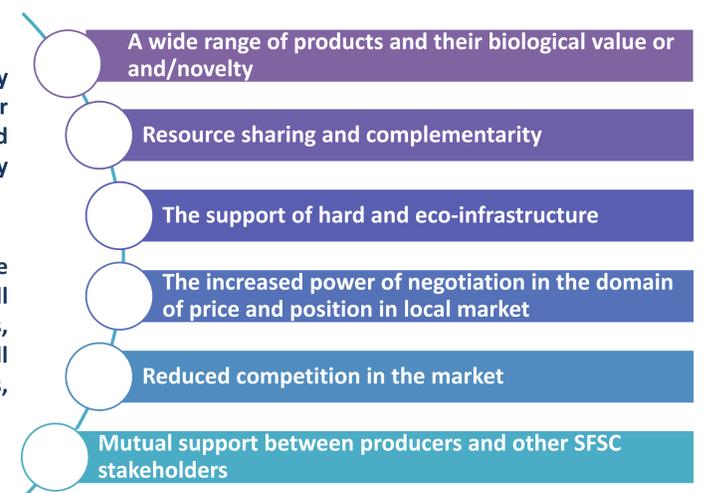


Figure 1. The advantages of SFSC development through cooperation

- SFSC's access to the consumer market can only be successful if SFSC's participants understand and are able to discover new ways and channels to sell products that are attractive to the consumer in terms of price, accessibility and quality. Once there is a clear understanding of how consumers lifestyles affect the products they buy and where, when and how they want to buy them (this could help in the development of the product and its marketing).

### The key messages to SFSC's stakeholders:

It is important to know the ways and method for the empowerment of SFSC stakeholders to become a part of, end-users

It is important to understand own consumers' lifestyles affect the products they buy and where, when and how they want to buy them

Small producers are not always included in the reports of market research, so it is difficult to feel trends, self-assess, plan long-term SFSC strategies

Countries and regions have different consumption cultures, so it is necessary to assess whether it is suitable for the nature of the developed SFSC

To inform consumers that product pricing is based on values, seasonality, the economic and social benefits of SFSC and the development and support of local cultures / products

The dynamics of SFSC development and consumption depend on the product category/ place, location (urban, suburban, rural, sparsely populated areas, etc.)

SFSC competes with supermarkets that can supply products (24 hours, 7 days / week)

Farmers and producers from remoted areas face more problems: delivery costs, slow internet, mobile problems, it is difficult to deliver always-public products, etc.

- It is worth noting that there is a need for specialized management, economics and marketing knowledge that is differentiated to serve each market for SFSC products and to address consumers needs.

## MAIN CONCLUSIONS

- The organization of SFSC should focus on management processes and the organizational framework of SFSC, the creation of new value, the juxtaposition of different sales forms and processes, social, environmental and economic sustainability, not only ensuring sustainable production processes but also guaranteeing healthy, higher value-added foods, social relations, harmonious market laws.
- The organization of SFSC can be initiated or self-regulatory, but the organizational process itself must be in line with traditional management principles and the principles of SFSC and local food systems organization.
- The management and marketing strategy of the SFSC depends on the nature of the SFSC, the size of the market, the capacity of the region and the SFSC stakeholders and participants, as well as available resources. Research has shown that SFSC network is the best when it is based on interactive collaboration and interaction with other market players, and a key prerequisite for SFSC marketing success is advocating SFSC throughout the supply chain and beyond.