SMARTCHAIN
SMART SOLUTIONS IN SHORT FOOD SUPPLY CHAINS

Demand-driven supply chain – Local2Local innovative solutions for Short Food Supply Chains

Campden BRI Hungary

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Dissemination Level		
PU	**Public**	
PP	**Restricted to other programme participants**	
RE	**Restricted to a group specified by the consortium**	
CO	**Confidential, only for members of the consortium**	

1. **Title of the case description**

   Demand-driven supply chain, Local2Local

2. **Indicate your role in the Smart Food Supply Chain:**

   individual member of the chain: X
   chain operator: ☐
   network operator: ☐
   association: ☐
   technical, scientific, or management expert:
   advisor: ☐
   policy maker: ☐
   other: ..... ☐

3. **Indicate the region (if applicable):** .....
   Applicable to any kind of fruit production chain: Local, regional,

4. WP2 Cross-reference table

Please indicate with an X in the relevant box of the matrix for which needs and the steps / functions of the supply chain the described innovative solution is applicable

		Individual steps of the SFSC							Short food supply chain as whole						
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
Needs of the consumers (citizens)	food safety						X								
	food quality						X								
	trust						X								
	ethical aspects						X								
	accessibility						X								
Needs of the chain actors	fair price						X								
	increased negotiating power						X								
	shared use of available resources														
	product development support														
	access to markets and consumers						X								
	access to infrastructure														

1: Farming

2: Primary production

3: Transport

4: Processing and packaging

5: Storage

6: Logistics

7: Sale

8: Product integrity, authenticity, transparency

9: Marketing concepts

10: Food chain management and networking for enhancing cooperation among chain actors

11: Business modelling

12: Policy environment

13: Legal requirements

14: Labelling

5. Short description of the innovative solution

- **Describe the specific need or problem being addressed by the case and please explain what is the novelty of this innovative solution**
  Several fruit growers connected to L2L couldn't sell their (organic) apples and pears to supermarkets, as the 2018 hot summer made them "too ripe". Supermarkets bought (cheap) fruit from Poland instead. Instantly, this "to ripe fruits" have become unsold, it has become as a food waste. L2L together with these growers L2L came up with a plan to sell these harvests ourselves, directly to businesses and consumers, in the form of fruit juice. However, instead of running huge costs risks regarding pressing, processing, bottling, logistics, marketing and sales, they opted to tap into their existing client base (b2b and b2c) and offer clients to sign up to buy this local fruit juice (apple, apple-pear and pear).
  The organisation marketed the new product to clients and offered them to sign up to buy this local fruit juice (apple, apple-pear and pear). L2L created a brand (Utregs Supersap = Utrecht's Super Juice) and put out a social media campaign, which contained a to-the-point message about the motivations.

- **Describe the enabling function(s) and the practical benefit(s)-(e.g. for which types of problems and opportunities is used and can it be used, and how)**
  In the case of over-supply of fresh fruit and vegetable production, producers must maintain the quality of the unsold product. The unsold overripen fruits cannot be stored for long time so it must be processed.
  Apple/pear juice production is a good way to keep the quality of the good quality fruits. The production schedule is tailored to the pre-orders so production losses can be minimized. The organization can optimize the sales and distribution of the fresh fruit and juice.

- **Describe the method/procedure/technology/solution implemented. (Please explain, whether the innovative method is a product / service / process / marketing or organisational / management innovation) After completing the description, please indicate, whether this innovation is a technological or non-technological one.**
  To deal with loss of fresh fruit production L2L has developed a "new product". Fruit juice production based on the pre-ordering system as a "demand-driven model" avoids unnecessary costs of the processing, bottling ang distribution.

technological ☒ non-technological ☐

- **Describe the business, which implemented the innovated solution (size, country, region, location, type of food)**

Local2Local is a short food supply chain and builds its activities around connecting the city with local producers in the city's region. The organisation is an association of growers for collective direct sales.

Products and services of L2L: Business development, IT platform, marketing and sales of local produce, B2B and B2C.

- **Describe the distribution channels of the product(s)**

  Direct sales to the consumers.

- **Describe what makes the innovation work.**

  Fruit juice production based on a pre-ordering system.

  L2L provides consumers comprehensive information about the problem and the potential solution for the economic situation of the apple and pear market. They offered a new solution to deal with the market problem that was beneficial to both the producer and the consumer. The growers were able to diversify their activities and new products were provided to consumers at the same time. A high-quality product were offered a for the consumers. The delivery of the product is based on the consumers' order.

  This win-win situation makes the innovation work.

- **Describe the specific prerequisites for the business related to the implementation of the method and/or related to the location, method, procedure, solution**

a: List the relevant necessary resources (including the estimated cost) for the specific innovation.
Please list the relevant ones only (list is annexed)

Human: The organisation must take a strategic decision and provide the necessary human resources for implementing such system.

Technology:

- technological background of fruit juice production
- IT background of ordering system.

Financial: depends of the amount of the raw materials and the processing capacity. (no data available)

b: List the relevant necessary capabilities for the specific innovation.
Please list the relevant ones only (list is annexed)

Food quality:

- ability to access the consumer willingness to pay for specific products of SFSCs,
- ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers.

Trust:

- ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools).

Accessibility to consumers:

- ability to develop and implement new business models for ensuring access of consumers to products and augmented services.

6. Describe the results, achievements and typical failures

The consumer interest in the first batch of pre-sold fruit juice was so great that it was worth to continue the fruit pressing in the whole season. More producers are teaming up to be part of this demand-driven model.

In 2019 Utregs Supersap is now on the shelf in several Albert Heijn supermarkets in the region, sold at a premium product.

7. **Summarize what makes the case to a good practice for the members of the SFSCs (e.g. lessons learned)**
    - The diversification of the activities: fresh fruit production and juice production to solve overproduction or other marketing problem.
    - ability to meet consumers' interest and willingness to buy new product.

8. **Aspects, methods for transfer of methods for other SFSC members**

    .....

9. **Recommendations for members of other SFSCs for further applications**

    x

Product development is an effective tool for diversification of the activities. The success of these developments depends on how producers with same activity can collaborate and jointly reach out to consumers. Collaboration of producers is essential for utilization of processing capacities.

10. **More information is available at (web), if it is relevant**

    https://www.local2local.nl/utregs-supersap/

Annex

1. Checklist for necessary resources (tangible and non-tangible):

- materials (access to: raw materials/ ingredients - including volume, land – including size, packaging materials
- human: labour force: size, knowledge & skills (production, technical, marketing, managerial, ICT, financial, etc.)
- technology: patents, know-how, trademarks, copyrights, trade secrets
- infrastructure, equipment, facilities, - size, minimum volume of production/sales, IT infrastructure
- information, reputation, brand, trust
- financial*

  *: estimated cost:

  0 - 10 000 Eur
  10 001 - 50 000 Eur
  50 001 - 100 000 Eur
  100 001 - 300 000 Eur
  300 001 – 1 000 000 Eur
  1 000 000 Eur above –

- other specific necessary resources for the application of the specific innovation

2. Checklist for the necessary capabilities

- **food safety:**
  - basic skills to comply with the EU food safety regulations
  - ability to understand what makes the product safe (the key controls, which ensure the safety of the product – biological, chemical and physical hazards, providing the safety shelf life of perishable products)
  - food safety culture (motivation, responsibility for food safety) and basic skills for the implementation of HACCP

- **food quality:**
  - ability to define the target segments of consumers for SFSCs
  - ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;
  - ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers;
  - food quality culture (motivation, responsibility for food quality);
  - production experiences which help to provide the expected quality reliably, uniformly;
  - ability to provide distinguishable quality which meets the needs of the targeted consumer segment;
  - meeting (local) legal requirements, application of the labelling rules;
  - ability to access the consumer willingness to pay for specific products of SFSCs.

- **trust:**
  - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
  - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
  - application of the labelling rules and branding (mandatory and voluntary);
  - ability to meet third party certification requirements

- **ethical aspects**
  - ability to understand consumer needs for ethical behaviour related to the specific product(s) of the SFSCs;
  - culture for ethical food production and supply;
  - ability to implement necessary measures to ensure ethical food production and supply;
  - ability to access the consumer willingness to pay for products meeting ethical aspects

- **accessibility to consumers:**
  - ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
  - efficient, innovative sales methods;

	- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;
• **fair price:**	- collecting marketing information; - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management; - ability to define, develop or maintain unique quality of products and augmented services; - ability to develop and implement new business models; - ability to access the consumer willingness to pay for fair price
• **increased negotiation power:**	- collecting marketing information; - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture; - ability to define. develop or maintain unique quality of products and augmented services; - ability to develop and implement new business models;
• **shared use of available resources:**	- ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture; - the level of value chain management culture; - ability to access the consumer willingness to pay for food with reduced environmental impacts

- **input for R+D:**
  - ability to monitor, research, evaluate, and understand the needs and wants of customers and consumers;
  - ability to develop new products, processes, packaging, preservation techniques, systems and access to new markets, including in other categories;
  - access to innovative technologies; distribution and marketing solutions and methods. management systems;
  - access to local input for R+D covered by other aspects

- **access to markets: and market success**
  - effective promotion, customer service, efficient and innovative sales methods;
  - ability to understand consumer's needs;
  - ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
  - unique value propositions;
  - ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.
  - stock control;
  - ability to access to required raw materials within a restricted geographical area

- **access to infrastructure:**
  - ability to use existing own infrastructure in a focused way to serve consumer needs or to combine it with complementary infrastructures of other SFSC actors, cooperation culture;

- **management:**
  - to implement management systems for vision, planning, implementing), coordinating, controlling, monitoring, continuously;
  - improving; ability to motivate, authorize staff;

- **production, processing:**
  - management system, production experience, specific controlling, monitoring, continuously;
  - willingness to consider and ability to evaluate the adoption of TECI and NTI in the current production processes;
  - any additional specific resources necessary for the application of the specific innovation.