AGROBRIDGES –
BUILDING BRIDGES BETWEEN PRODUCERS AND CONSUMERS

Short Food Supply Chain (SFSC) business models -   Improved Logistics

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Introduction

The agroBRIDGES project (https://www.agrobridges.eu/) aims to build bridges between producers and consumers, rebalancing farmers' position in the market by empowering them with practical knowledge about new business and marketing models based on Short Food Supply Chains (SFSCs).

In the Decision Support Tool (DST) (https://agrobridges-toolbox.eu/decisionsupporttool/), five SFSC business model types are assessed for their applicability to your farm business. These are Community Supported Agriculture (CSA), Face-to-Face Sales, Retail Trade, Online Trade, and Improved Logistics.

This document defines:

- Business Model: Improved Logistics

- Business Model Canvas: to identify key drivers to develop new business

- Value Proposition Canvas: to illustrate the relationship between the features or offering of a service, and the needs of customers and markets

- Examples of organisations / services that use this model

Information on the methodology used to develop this tool can be found in the report 'D2.1: SFSCs Business and Marketing Models Categorisation': https://www.agrobridges.eu/wp-content/uploads/2022/03/agroBRIDGES_D2.1_SFSCs-BM-categorisation_v1.0.pdf

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Definition of the business model

Improved Logistics includes selling products to producer organisations, food hubs or other distributors to enable farmers to benefit by sharing costs and pooling resources for distribution. In this way, larger quantities can be sold to channels such as supermarket chains. This business model is always considered to be an option and not part of this tool's analysis and ranking procedure.

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Business Model Canvas

A Business Model Canvas offers a visual chart with elements describing the value proposition, infrastructure, customers, and finances related to a certain business model, and assisting businesses to align their activities by illustrating potential trade-offs.

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Improved Logistics – Business Model Canvas

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Key Partners

- Local Farmers

- Farmers' cooperative associations

- Packaging entities

- Transport partners

Key Activities

- Development of own joint transport companies.
- Joint procurement of packaging
- Cooperation and creation for supply chain and delivery strategies (unique point of sales)

Key Resources

- Infrastructure outsourcing

- Cooperative warehouses

- Tech-solution providers

Value Proposition

- Freshness of products is a relevant and valuable success factor for SFSCs.
- Standardised packaging to increase freshness.

- Creation of cooperative-based relationships that reduce transport costs and maintain high product standards.

Customer Relationship

- Effort to join the cooperative and take advantage of the benefits.

Channels

- Infrastructure outsourcing

- Cooperative warehouses

Customer Segments

- Business-to-Business (B2B)
  - Groceries and healthy and organic food shops.
  - Canteens at workplaces.
  - Companies.
  - Schools & Universities

- Business-to-Consumer (B2C)
  - Individual users

Cost Structure

- Operational costs: Fixed costs (website, equipment, infrastructure, etc.)
- Variable costs (salaries, packaging)
- Logistical costs (e-commerce)
- Production costs: Promotion campaigns

Cost reduction opportunities
- Packaging and transportation costs are reduced when a cooperative model is developed.

Revenue Streams

Primary Streams
- Long term: Transport cost reduction due to an improved logistics strategy and building joint orders for packaging efficiency.
- Large amount of orders from B2B due to larger scale operations allow for a more competitive price.

Descriptions of the Business Model Canvas blocks

- **Key Partners** - Business alliances needed for success.

- **Key Activities** - The activities that will be required for the business model to work.

- **Key Resources** - The assets that allow the company to create customer value.

- **Value Proposition** - The products and services a business offers. Osterwalder: "An overall view of products and services that together represent value for a specific customer segment. It describes the way a firm differentiates itself from its competitors and is the reason customers buy from a certain firm and not from another".

- **Customer Relationship** - The links that a company creates between itself and its customers.

- **Customer Segments** - The target audience for a business product and / or service.

- **Channels** - The means used to deliver products and services. This includes the marketing and distribution strategy.

- **Cost Structure** - Expenses / costs raised by the business model.

- **Revenue Streams** -The company's income. The different revenue flows through the company monetise its activities.

Value Proposition Canvas

The Value Proposition Canvas is a framework which can help ensure that a product or service is positioned around what the customer values and needs.
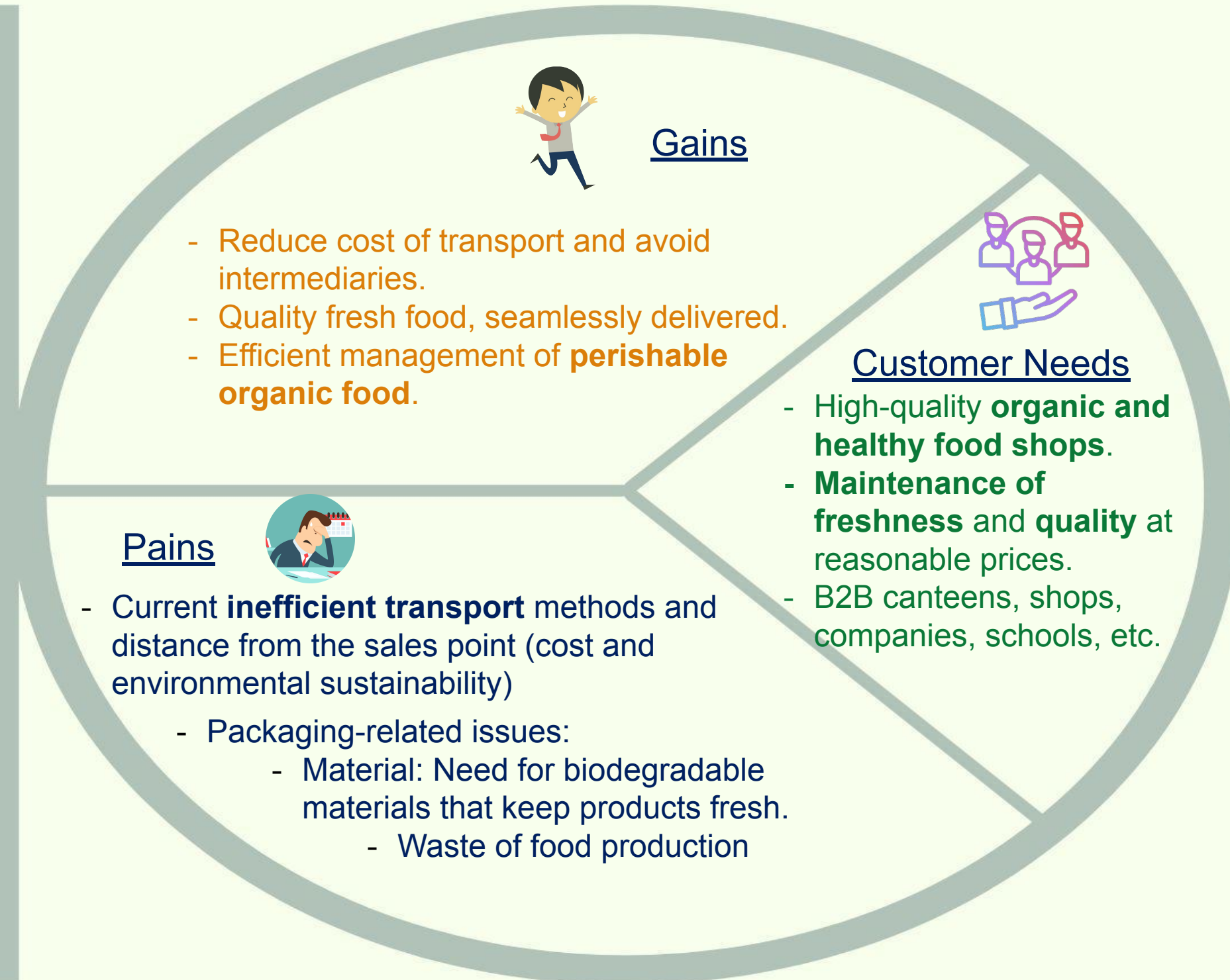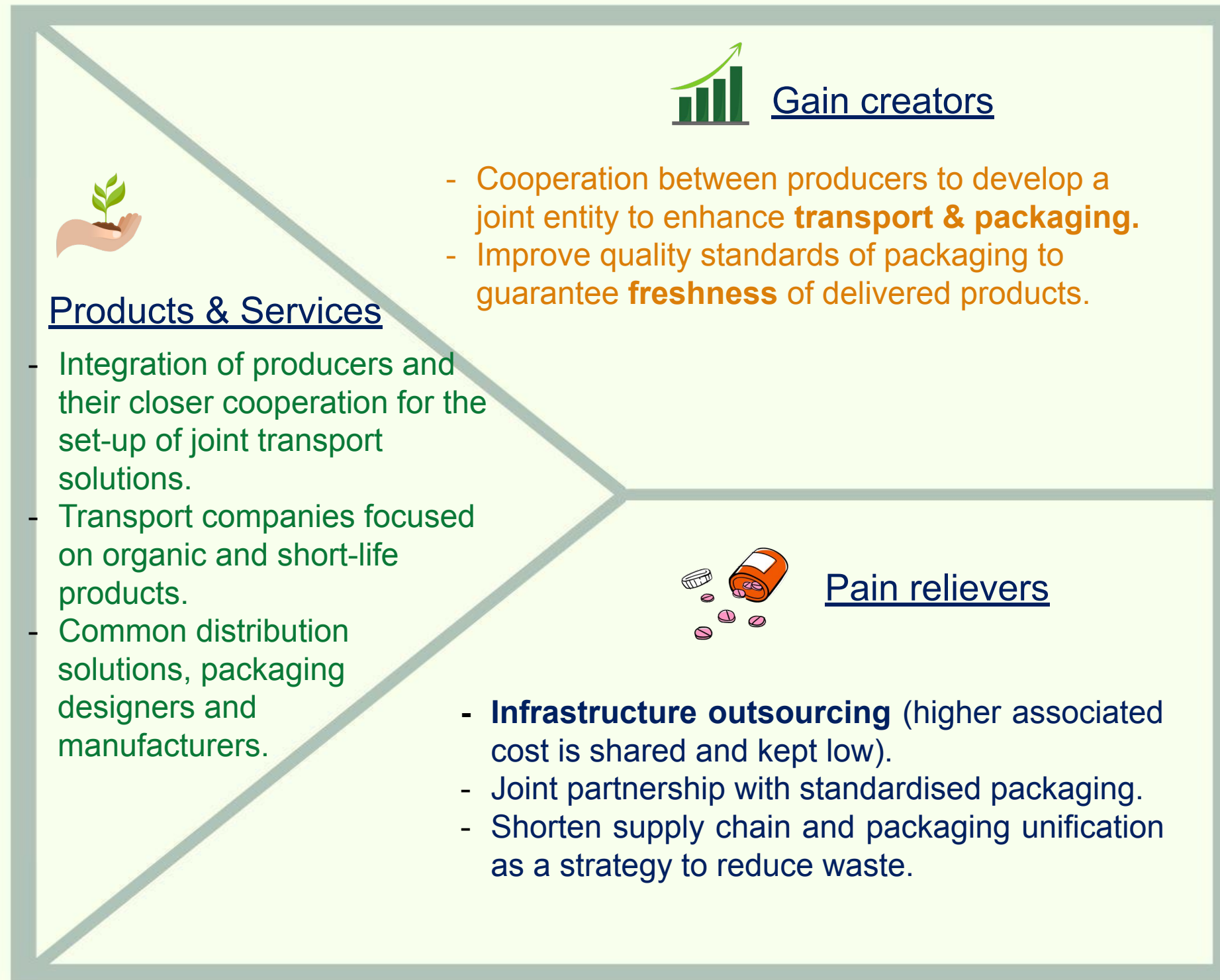
Improved Logistics – Value Proposition Canvas

Value Proposition

Customer Profile

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Gain creators

- Cooperation between producers to develop a joint entity to enhance **transport & packaging.**
- Improve quality standards of packaging to guarantee **freshness** of delivered products.

Products & Services

- Integration of producers and their closer cooperation for the set-up of joint transport solutions.
- Transport companies focused on organic and short-life products.
- Common distribution solutions, packaging designers and manufacturers.

Pain relievers

- **Infrastructure outsourcing** (higher associated cost is shared and kept low).
- Joint partnership with standardised packaging.
- Shorten supply chain and packaging unification as a strategy to reduce waste.

Gains

- Reduce cost of transport and avoid intermediaries.
- Quality fresh food, seamlessly delivered.
- Efficient management of **perishable organic food**.

Customer Needs

- High-quality **organic and healthy food shops**.
- **Maintenance of freshness** and **quality** at reasonable prices.
- B2B canteens, shops, companies, schools, etc.

Pains

- Current **inefficient transport** methods and distance from the sales point (cost and environmental sustainability)
- Packaging-related issues:
  - Material: Need for biodegradable materials that keep products fresh.
    - Waste of food production

Descriptions of the Value Proposition Canvas blocks

Value Proposition

- **Products & Services** - The specific products and services that are the drivers to create gains and relieve pains; and which underpin the value creation.

- **Gain creators** – How the service creates customer gains i.e. how it offers added value to the customer.

- **Pain relievers** – An explanation of how the service will alleviates customer pains.

Customer Profile

- **Gains** – The benefits which the customer expects and needs, what would delight a customer, and the assets or activities that may increase the likelihood of adopting that value proposition.

- **Pains** – The negative experiences, emotions, or risks that the customer experiences.

- **Customer Needs** – Functional, social, and emotional tasks that customers aim to perform, problems they try to solve and needs they wish to satisfy.

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Examples of organisations/services that follow this model

Service / Organisation	Link	Region / Country	Sales Channel	Business Model

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