



AGROBRIDGES – BUILDING BRIDGES BETWEEN PRODUCERS AND CONSUMERS

Short Food Supply Chain (SFSC) business models - Online Trade

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BRIDGES

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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: Online Trade
- 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



Definition of the business model

In Online Trade, products are traded online using the farmer's website or using shared marketing websites. Two sales channels of this business model are considered in the analysis: A) Online Food Trade - Post box delivery, B) Online Food Trade - Box scheme subscription & Direct Delivery



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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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Online Food Trade – Business Model Canvas

Key Partners

- E-commerce suppliers
- Purchasing groups
- Local retailers
- Local producers
- Urban retailers

Key Activities

- Sustainable couriers collaboration agreements
- City councils and government body engagement
- Promotion and communication activities (food tasting)
- Long-term agreements
- Demand forecasting

Key Resources

- IT skills are crucial here
- CRM system
- Public bodies support
- Expertise in supply chain, marketing and sales strategies

Value Proposition

- Online platforms to trade and deliver farming goods to ensure that citizens can access local and natural goods from sustainable and socially-driven sources
- Home delivery box schemes or activities to promote consumption of locally sourced goods in medium to large cities

Customer Relationship

- Involve families with young children to raise awareness and promote activities to reach elderly people.
- Local networking initiatives.
- Social impact (CO2 emissions, biodegradable packaging) and CSR strategies.

Channels

- E-commerce platform / website
- Pick-up or delivery boxes
- Delivery vehicles for urban areas
- Collaboration and Distribution Agents network
- e-WoM (electronic Word-of-Mouth)

Customer Segments

- Families are keen on healthy, sustainable and environmentally-friendly food production.
- Families with a willingness to change their lifestyle and promote wellbeing.
- Individuals that prioritise quality VS quantity.
- Customers with online purchasing preferences.

Cost Structure

- Operational costs
- Fixed Costs (website, equipment, infrastructure, etc.)
- Variable costs (salaries, packaging, etc.)
- Logistics costs (e-commerce, transport, etc.)

Cost reduction opportunities

- Intermediary costs
- Warehousing costs
- Maintenance costs

Revenue Streams

Primary Streams

- ONLINE sales
- Subscription models to increase purchase recurrence
- Loyalty initiatives to enhance retention rate

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.

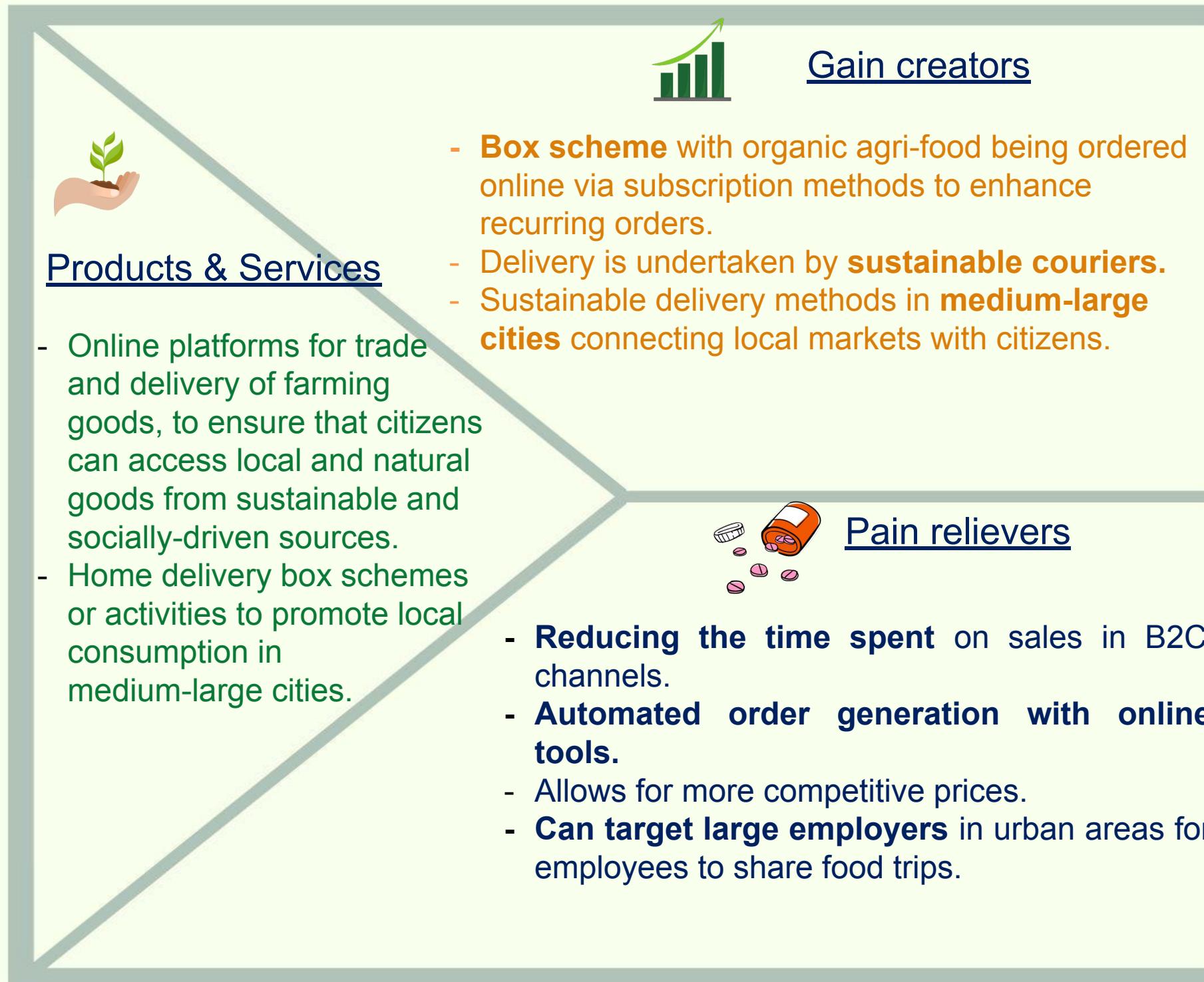


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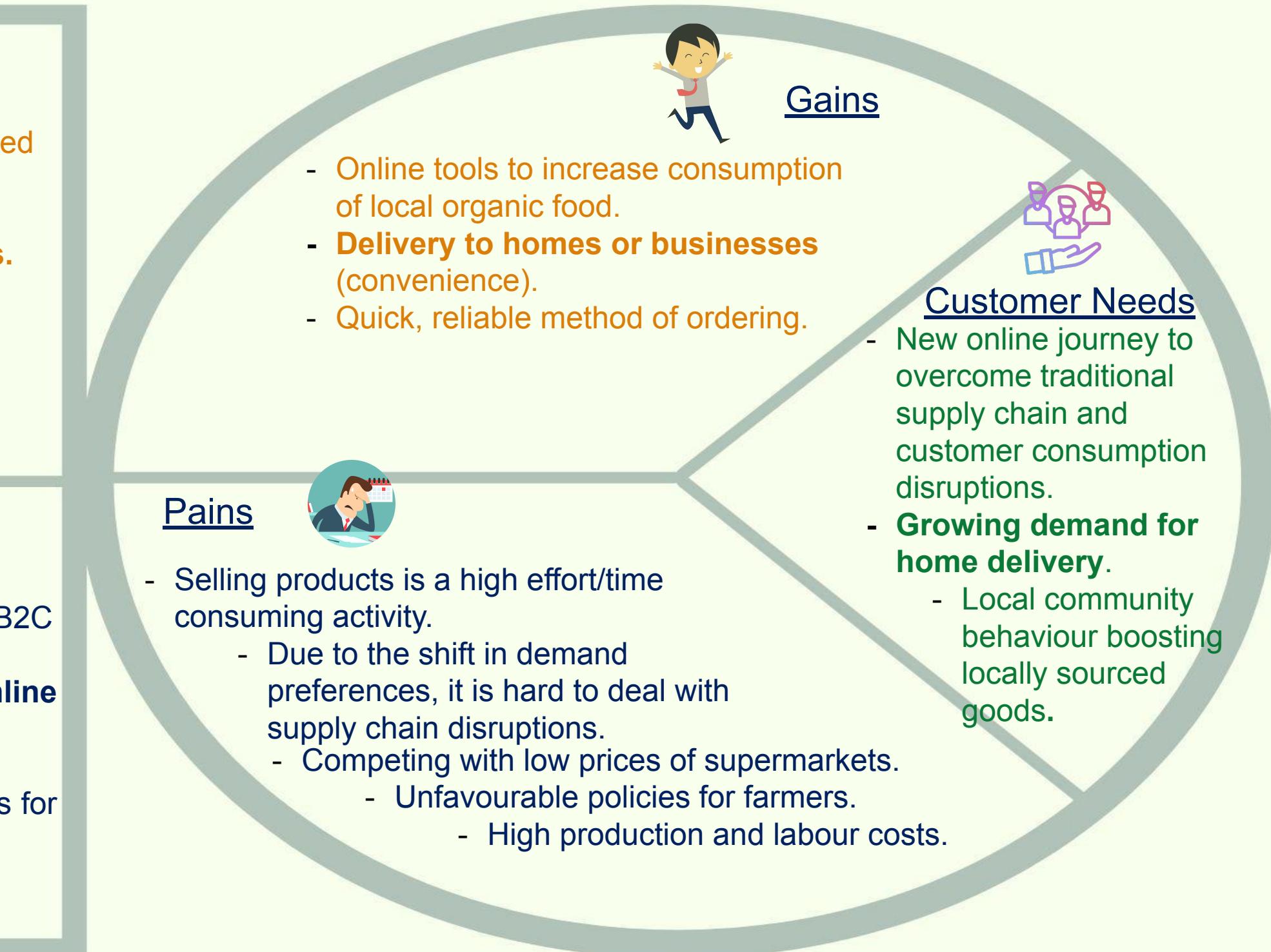


Online Food Trade – Value Proposition Canvas

Value Proposition



Customer Profile



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.



Examples of organisations/services that follow this model

Service / Organisation	Link	Region / Country	Sales Channel	Business Model
Beechlawn Organic Farm	https://beechlawnorganicfarm.ie/	Co. Galway, Ireland	Online Sales on Demand - Delivery by Post	Online Trade
moy hill farm	https://www.moyhillfarm.com/farm-shop	Co. Clare, Ireland	Online Sales - Subscription & Direct Delivery	Online Trade

