



AGROBRIDGES – BUILDING BRIDGES BETWEEN PRODUCERS AND CONSUMERS

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

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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: Retail 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 Retail Trade, products are produced and sold within the region of production, and consumers are made aware of the local nature of the product at the point of sale. The sales channel considered in the analysis is: Retail Store - with the product origin being highlighted.



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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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Retail Trade – Business Model Canvas

Key Partners

- Local farmers.
- Farmers associations
- Local retailers
- Exclusive intermediaries (delivery, warehousing and business development)

Key Activities

- Direct negotiation and communication with intermediaries.
- Management of collective outlets.
- Store and preservation.
- Long-term relationships with retailers.

Key Resources

- IT staff to organise sales, collection of orders and route planning.
- Marketing and sales.
- Supply Chain Management.
- Customer Service Software.

Value Proposition

- Local products that are available for customers with healthy and organic products at convenient locations.
- High-quality standards and product information balanced with access to local products.

Customer Relationship

- Trust-based relationships (honesty, integrity and completeness of information).
- Product traceability (flow of information).
- Excellent customer experience.

Channels

- Marketplaces with an intermediary
- Collective outlets of local farmers
- Small specialised local shops
- Dedicated spots at supermarkets
- Word of mouth

Customer Segments

- Retail chains, small shops, wholesale groups and end consumers (urban areas, between 30-40 years with niche preferences).
- People who pay attention to products quality, sourcing and environmental impacts.
- Willingness to pay a higher price in exchange for sustainable production methods.

Cost Structure

- Producer costs and local farmer margin
- Logistics and warehousing costs
- Operational costs
- Marketing and dissemination expenses

Cost reduction opportunities

- Resource sharing for logistics and warehousing
- Delivery costs reduced with collective outlets
- Integrated food processing activities

Revenue Streams

Primary Streams

- Joint selling point revenue
- Sales at physical locations
 - Small local stores
 - Dedicated spots

Secondary Streams

- Online sales
- Home delivery

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

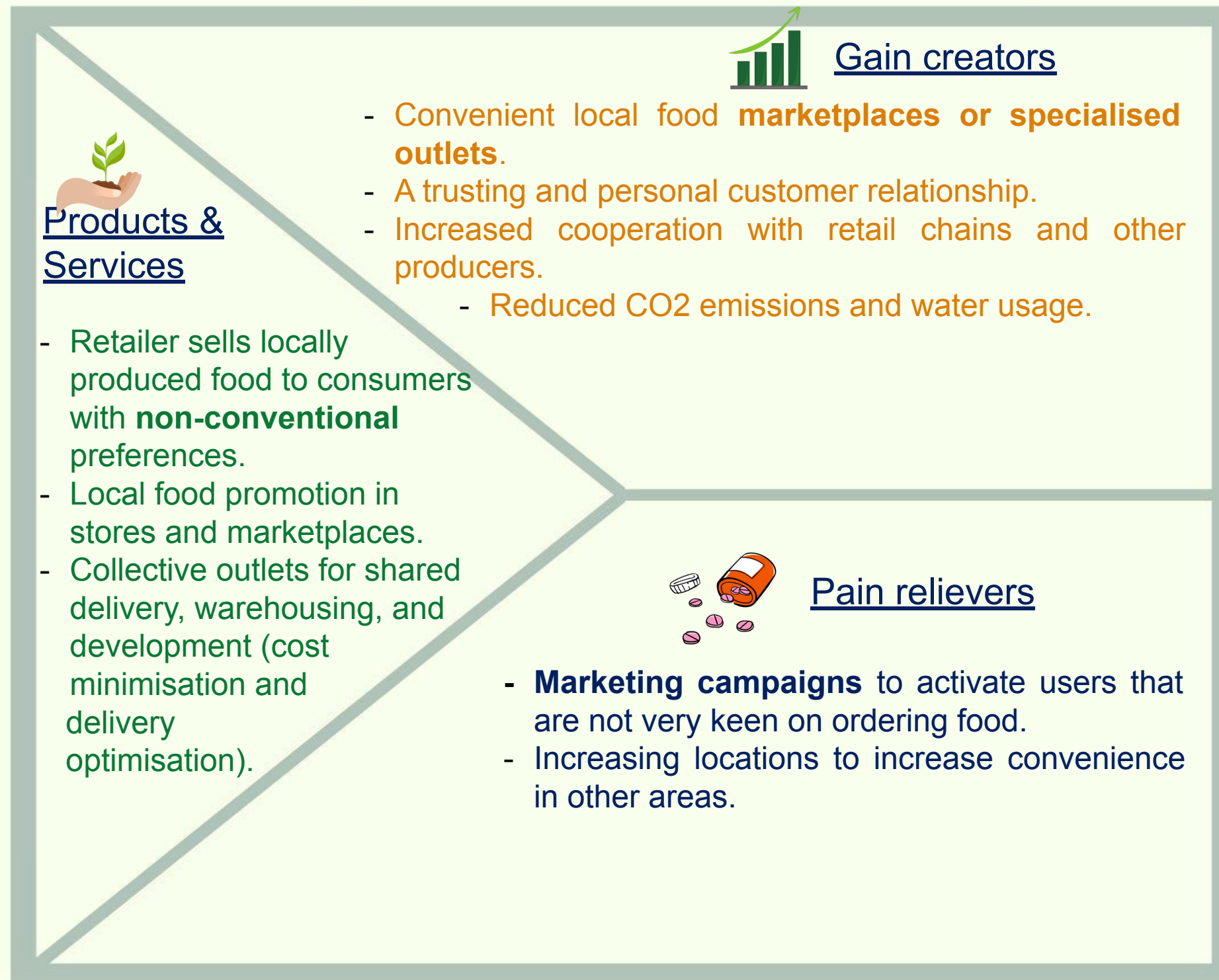
The Value Proposition Canvas is a framework which can help ensure that a product or service is positioned around what the customer values and needs.



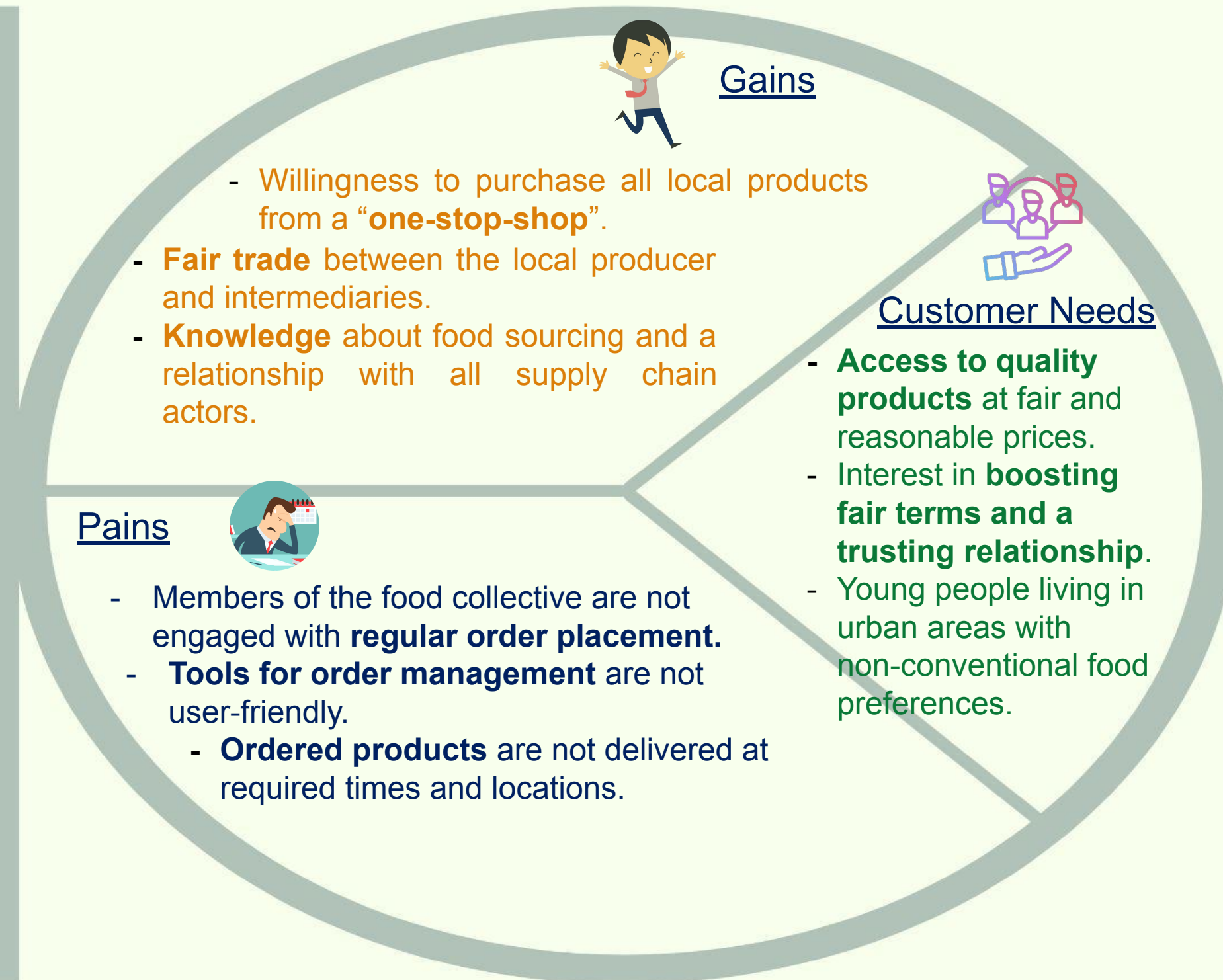
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Retail Trade – Value Proposition Canvas

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 alleviate 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
The Little Cheese Shop Dingle	https://thelittlecheeseseshop.ie/	Co. Kerry, Ireland	Retail Stores (e.g. supermarket highlighting origin)	Retail Trade

