THE RESEARCH PROCESS OF A

MULTI-STAKEHOLDER PROJECT

The Baltic Sea Food Project

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Peter Nurmi

Abstract

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Abstract

The world's exponential population growth and global food demand is on a continuous rise, further stressing the need for more advanced methods of food production and supply or an alternate food network completely. Environmental and health awareness is also on the rise giving way to popularity in locally sourced food.

Solving challenges becomes significantly easier the more resources are dedicated to it. That is the basic premise behind the multi-stakeholder approach, the resources also include a large array of background, experiences, and intimate knowledge of the local landscape. The multi-stakeholder approach also brings advantages to how research can be conducted. Advantages such as easier research method access to target markets, networks and connections to conduct surveys, interviews and focus group studies. The multi-stakeholder approach also brings its own limitations and challenges of working with a non-traditional organized enterprise that are still in the early stages of being fully understood and fully utilized.

Keywords

Local food, Multi-stakeholder, Multinational, Baltic Sea, EU, Logistics, Research

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LIST OF ABBREVIATIONS

BSF: Baltic Sea Food

BSR: Baltic Sea Region

B2C: Business to Customer

B2B: Business to Business

LFS: Local Food Supply

MS: Multi-stakeholder

1 INTRODUCTION

1.1 Research Topic

Eco-friendly, green, or environmentally friendly are terms used and heard a lot these days. As the level of education around the world continues to grow, so will the level of environmental impact awareness. This growing trend has given rise in popularity for locally sourced food and environmentally sustainable methods of food production. It is widely accepted fact that locally sourced foods have a generally lower environmental impact due to having less miles to travel to reach their consumers. This in turn makes locally sourced foods also have higher nutritional values by having a lower need to be treated or refrigerated to last longer to reach their destination. Unfortunately, most locally sourced food products are produced by small scale farmers who are unable to compete against the large-scale commercial food producers. The reason for this is their smaller production volumes, lack of connections, transportation, and proper storage. These factors drive up the cost and availability of their goods, even if there is demand for local food, the availability and prices become uncompetitive to their mass-producing competitors.

Fortunately, the advantages of shorter supply chains and locally sourcing food has become a fashionable trend and a logical step. But to make it a reality the nightmarish logistics hurdles of being able to reach a reliable supply chain which meets consumers demands while keeping prices within a competitive range needs to be overcome. To be able to reach an acceptable volume from small local producers, the logical solution is to organize and combine multiple local producers. By doing so will also naturally increase market presence and influence of the organized producers. While this addresses the issue of volume and the visibility of smaller individual producers, the logistics of it all becomes the determining factor of the feasibility of the venture. New logistic systems need to be implemented and all small producers need to be integrated into the system. Which is no small feat as most producers are spread over a large area and are not necessarily part of any existing system that can be easily adapted.

1.2 Baltic Sea Food Project

The Baltic Sea Region (BSR) is considered an area with many neighbouring countries sharing the same difficulties for local food producers. Which is where our case studies The Baltic Sea Food project (BSF) takes place. The Baltic Sea food project was a Interreg and European Union funded venture and more information can be found in the following link: http://www.balticseaculinary.com/baltic-sea-food-project. The goal: to identify the challenges faced by the local producers, determine the similarities and differences between the countries and examine pre-existing solutions. Which would be the beginning of implementing a modular solution that could then be applied or adapted to the numerous target markets in the region. In addition to the research to establish a modular solution, part of the strategy will be focusing efforts to educate and promote awareness of local food.

The main players of this initiative that make up the BSF project are made up of 15 organization from 10 different countries from the BSR in order of how they appear in the original Interreg application:

- Ministry of Rural Affairs of Estonia (Estonia)
- Latvian country tourism association (Latvia)
- Mecklenburg-Vorpommem Tourist Board (Germany)
- Ystad Municipality (Sweden)
- Latvian Agricultural Organization Cooperation council (Latvia)
- Business Region Esbjerg (Denmark)
- Norwegian Rural Tourism and Local Food association (Norway)
- Estonian Rural Tourism (Estonia)
- The Estonian Chamber of Agriculture and Commerce (Estonia)
- Pskov Agrotechnical College (Russia)
- State Committee of the Pskov region for Economic development and Investment policy (Russia)
- Lahti University of Applied Science (Finland)
- Lithuanian countryside tourism association (Lithuania)
- “Polish nature” Foundation (Poland)
- Taste of Denmark (Denmark)

1.3 Objective and Scope of the thesis

The purpose of this thesis will be to provide readers background and details of the inner workings of a multi-stakeholder approach to handling local food issues. Specifically, the initial foundation building which is the work package the writer was involved with, containing the research. This will be of interest for any readers engaged with research project with a multitude of stakeholders and partners involved. Readers will find information in this paper detailing how a multi-stakeholder approach conducts its research followed by the advantages, disadvantages and how best to handle or prepare for a Multi-stakeholder approach. The thesis will be based on work package two of the Baltic Sea food project which

Lahti University of Applied Sciences (LUAS) was responsible for. The University created a micro team to coordinate work package two, and the author was part of this micro organization. The aim of the research was to provide the project a foundation which could then be handed onto the next partner responsible for the next package. The foundation took the form of data to back up the team's claims and recommendations, packaged in a way that could be easily handed off to the next partner. This is in the hopes of a smooth transition to the next partner, so they were able to pick up where we left off and continue to the construct B2B business models. Which is where the scope of the thesis will end as it will only be focused on the LUAS team's involvement.

The project's research leading to the foundation building is aimed at discovering already successful solutions and identifying the challenges and short comings of local food distribution. These issues stem from local food producers being unable to compete with the yield and resources of large scale commercial food producers. Local food producers are individually unable to sustainably produce the volumes that are required by distributors and are therefore overlooked as a source. Also due to the nature of food products being a time sensitive product, a majority of local food producers are unable to invest in the resources required to make long distance trips. Another reason for this is the feasibility of investing into longer trips versus the profit margin being too tight. The team's research itself was faced with various challenges by being assembled late into the project and under the pressures of working in a multinational project. The team's research processes will be one of the main lines of discussion for this thesis. Looking at advantages of conducting research in a multinational environment with stakeholders/partners from 10 different countries for support. The limits and shortcomings of this process will also be discussed in detail to compare and evaluate the feasibility.

The thesis will answer three questions which are:

1. Does the multi-stakeholder approach have any impact on the research of the project whether negative or positive?
2. How does a decentralized research approach work in multi-stakeholder approaches?
3. How effective are multi-stakeholders in finding new and existing solutions?

1.4 Multi-stakeholder or Multinational

The multi-stakeholder approach which is also known as a governance model for solving global and multi-regional challenges has risen in popularity in the recent years. It is utilized as a method of pooling knowledge and experiences to develop new solutions. It begins by first identifying a common problem shared in multiple countries. This common problem creates an opportunity to open dialogue among the major stakeholders in the affected regions. In addition to conceiving new solutions through shared knowledge and experiences, it becomes an excellent opportunity to forge new relations across borders. Unfortunately, by bringing so many different players together from so many different regions presents its own challenges. Challenges that are often observed when any project or organization is scaled up. But due the nature of not being a traditional top-down organization with executive decision makers at the top, not all the issues can be handled in the same way. There is less control over the stakeholders involved in the project, as each are seen as equals and influence plays a bigger role over control. (Hemmati et al 2002, 23)

The BSF project approaches the issue of local food as a multi-stakeholder governed organization. Multi-stakeholder projects will include a minimum of at least 2 organizations from a different business backdrop. This is typical of most if not all projects of the European Union and will operate internationally. This governance model will determine how and when each stakeholder will be taking responsibility for the various work packages in the project. The division of labour for this particular project was divided up into various work packages which each stakeholder would take charge of coordination or creation of specific tasks. Work packages are completed and then packaged for easier transition to the next stakeholder. All of the while other stakeholders will be playing smaller supporting roles such as aiding in data collection, decision making or providing resources.

1.5 Thesis Structure

Starting with an introduction to the thesis, the first chapter introduces the main concepts and points of discussion. The Baltic Sea food projects, local food distribution challenges, research in a multinational project. Followed by the theoretical concepts in play with the Baltic Sea Food project which are characteristics of the projects governance model, local food systems and the research methodology. Finally wrapped up with the findings, several lines of discussion concerning the research done within multinational projects and the conclusion.

2 LOCAL FOOD SYSTEMS

"A local food system is a collaborative network that integrates sustainable food production, processing, distribution, consumption, and waste management in order to enhance the environmental, economic, and social health of a particular area." (Community-Wealth, 2020)

2.1 Commercial Farming VS Small and Medium sized Farms

Commercial farming or large-scale industrial farming are methods of food production for commercial use, generally by intensive farming methods to produce maximum yields possible. This unfortunately results in unsustainable conditions, as industrial agriculture relies on heavy amounts of chemicals such as pesticides and fertilizers which pollute nearby land and the land it is used on. Chemical runoff is a huge concern, as it does not only affect arable land for farming but the surrounding environment and ecosystem. But even before industrial farming can begin, large areas need to be cleared, resulting in habitat and ecosystem loss. Industrial farming in addition requires massive amounts of water and energy which brings further negative environmental impact. (Rinkesh, 2020)

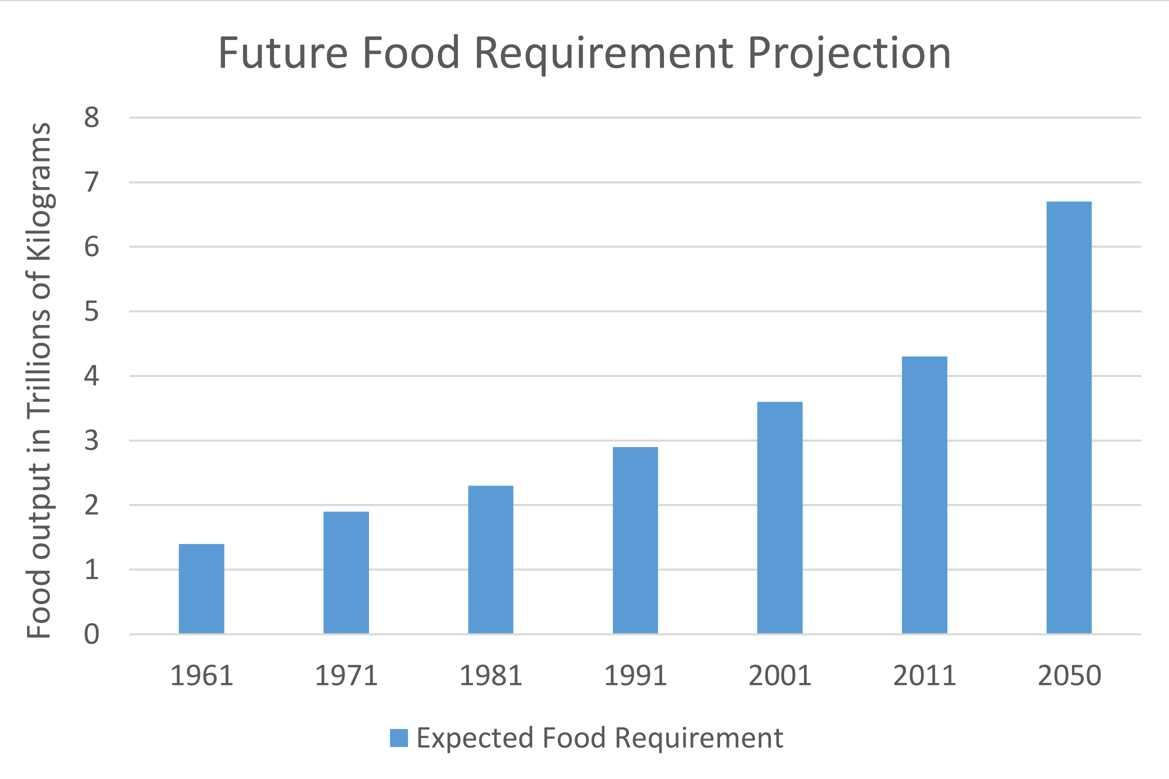

Figure 1 Future Food Projection (Harvey, 2019)

Despite the negative environmental impact commercial farming has become a necessity with the ever-growing global population and food demand. Agricultural production is limited by the amount of land that is available and arable land is a finite resource on this earth. The logical solution is to increase efficiency which is one of the advantages of intensive agriculture. Agricultural advancements have made it possible for higher yields by focusing on getting maximum output out of the limited available plots. But the capital required to invest in newer technology, extra labour and maintenance cost is not in an economically feasible range for everyone. (Food Print, 2020)

As briefly mentioned earlier intensive farming methods are achieved via aggressive use of chemicals fertilizers, pesticides and in some case hormones. Advanced and expensive farming methods are also employed as commercial farms have the necessary assets to allow greater investment into more labour and advanced machinery assets to aid in production and processing. There are various advantages of this intensive form of agriculture besides greatly benefiting from economies of scale. The large output also makes it possible for commercial farms to be able to specialize in a certain produce allowing other farms to do the same and in turn increases food variety. Finally, commercial farms are able to provide a more sustainable supply of produce at an affordable price for regular consumers. In by doing so, commercial farms are able to also greatly benefit from economies of scale to meet the ever-growing food demand. (Harvey, 2019)

Small to medium sized farms also referred to as local farms employ extensive farming methods but are not limited to them. As the name suggest, extensive farming methods are more traditional methods of low input as opposed to intensive methods. Lower input meaning lower level intervention in the form of chemical, machinery and labour use. This is usually not out of choice, but most local farms are unable to invest in intensive methods due to a lack of financial backing. Which is not to say that some farms do not invest in assets to increase in output but at a lower degree compared to commercial farms. To be able to reach the same level of output commercial farms are reaching, extensive farming methods require larger swathes of land. Land being more expensive closer to higher population density areas forces extensive farmers to operate further away from the market where labour and land is cheapest. This unfortunately further complicates logistics on an already time sensitive product in a remote location. The remote location just further compounds the issue of a lack of a support structure, accessible logistics infrastructure and storage for local farmers

2.2 Movement of food and information

Supply chains and distribution channels are responsible for the movement of food and information back and forth from the consumers to the producers. The distinction between the two is that distribution channels are concerned with answering the question of how to get the product to the consumers (Kenton 2020)? While supply chains are concerned with where and who do the product or supplies come from (Kenton 2019)? Both go through a chain of businesses where the good and supplies moves through before reaching the end consumers.

Local farmers in most if not all cases have operated in B2C sales due to their inability to meet retailer demands. The B2C sales target groups are client's visiting local farm stores, farmer's markets and online ordering. Even with smaller B2C sales, local farmers have to dedicate their own resources towards the logistics of delivering the produce. This further cuts into their profit on an already seasonal trade,

2.3 Local food systems

An alternative solution to the food demand other than commercial high yield systems are local food systems (LFS). LFS are typically a network driven by a collaboration of local food producers to reach the necessary requirements to compete against commercial producers. Many major retailers are very selective of the produce they accept, and this is due to consumers in stores these days expecting perfectly uniform fruits and vegetables. But by producing only a fraction of what commercial farmers are producing, local farmers are unable to individually supply an amount of any significance. Any fresh produce not fitting the uniform expectations of the consumers are disposed of. The taste of the produce becomes irrelevant, and it comes down to its shapes and looks, matching that of which consumers expects. But by collaborating local farmers are able to reach a volume that matters and gains them some sway in the market.

Reaching a cooperation with other local farmers will alleviate some of the resources necessary for the logistics. Centralized hubs would allow for smaller transportation distances, proper storage would be handled by another and in some cases will eliminate the need for finding buyers. It creates an opportunity to also benefit the local economy, with tourism boosting the demand for local food and other local businesses. Local businesses such as restaurants, food producers, caterers and tourist hubs that serve food. (Common Wealth, 2020)

3 BALTIC SEA FOOD

“Many issues today cannot be addressed or resolved by a single set of governmental or other decision-makers but require cooperation between many different actors and stakeholders. Such issues will be incapable of successful resolution unless all parties are fully involved in working out the solutions, their implementation and the monitoring of results” (Rukato & Osborn 2001, 1)

What makes multi-stakeholder projects standout from typical projects is the large number of stakeholders which are directly involved with the decision making and groundwork of the projects. Stakeholders are brought in from various backgrounds, skills or resources and they vary in scale of the organization. These projects are made possible by EU funding and support, to push for better relations and cooperation.

To start, issues are first identified and recognized in multiple regions where there is a common interest and shared value. Preliminary research is done to determine project feasibility, which also includes scoping out potential stakeholders to collaborate with. Once feasibility is established, the project plan is presented, stakeholders are enlisted and then funding is applied for from the various funding instruments and organizations.

3.1 Multi-stakeholder strengths and limitations

MS projects are an opportunity to increase cooperation and relations between regions and countries. They provide an opportunity for dialogue, a line of communication from a larger range of sources to reach better informed decisions towards a common objective. The MS approach isn’t a solution for all the world’s problems but is thought of as a toolbox. With a big enough toolbox, a solution is bound to be found from the various tools at your disposal, but it cannot be applied to every scenario (Internet Society, 2016). The strengths of the MS approach lie in having reach in a multitude of countries for information. Information in the form of having stakeholders with intimate knowledge of the local landscape, the tools and resources to be able to approach the research in a decentralized manner. Information such as valuable data that can now be collected from a large number of pools without having to dedicate resources to be made possible. Information and experience from stakeholder already involved in the industry, sharing, or discovering existing solutions. (Hemmati et al. 2002, 39-40)

When working with so many different organizations it becomes unavoidable to run into the complications of varying goals and aims, even when working towards a common objective, the background of where the stakeholders are coming from can create a divide. This is especially an issue in very competitive markets, where the majority of potential stakeholders are competitors. A win-win scenario is what is always hoped to be achieved in the approach, but a win-win would require everyone to care about each other and themselves. Helping competitors improve their edge in the market is not in the best interest of everyone. In such a market or environment, a multi-stakeholder approach would not be the best approach. (Hemmati et al. 2002, 19) This is similarly an issue when a project does not have a concrete achievable objective. Goals, aims and commitment start drifting when a project runs on for too long without a conclusive finish and the project risks not being funded. They also struggle to remain relevant without public support which also wanes when a project is unable to produce results or takes too long. (Gruzd et al. 2018, 5-6)

Another concern that should be taken into account when involving stakeholders from different fields is varying levels of commitment. Organization that is only concerned with the logistics of the issue would only be interested in parts of the project with logistics concerned is a simplistic way of look at it. But in the bigger picture logistics is only useful when there is a functioning product and a working supply chain to make use of the logistics. But this can still create a situation of varying levels of commitment in the different stages of the project if a stakeholder feels it does not contribute to their ends. Depending on how the project is managed, this could result in some stakeholders taking a backseat until they are directly responsible for the deliverables. This particularly becomes an issue when the funding from investors is a significant amount and having a share of it becomes the goal for stakeholders. This can create an environment, where stakeholders fight for the least workload and for the biggest share of the fund. This relates back to the issue of control in MS approaches, there is nothing preventing organizations committing to the venture and forcing them to uphold their commitments. The only measures against a lack of commitment is peer pressure, formal recommendations and informal influences. (Gruzd et al. 2018, 2-3)

3.2 Risks associated with scaling up

The potential of risks increases in any project when additional variables are introduced, in this case each stakeholder brings its own variables. These variables range from different goals, objectives, alternate agendas to cultural difference and work ethic. Scaling up also introduces structural and organizational issues which can be pointed at as a loss of coherence which is or can lead to ineffective communication or misallocation of resources both of which are not mutually exclusive. The two are usually related resulting in further problems down the line, in the end incurring further costs for the projects or even prolonging certain phases.

These challenges are limited by effective and proper implementation of the cornerstones or criteria that were identified by the committee of the regions associated with the EU. The cornerstones of good governance may limit the risks but the implementation of them increases in difficulty as the number of players or stakeholders increases. Implementation of the cornerstones are by no means a guaranteed method to prevent issues associated with large organizational structures with large organizations or gathering of people. (Edgerton, 2014)

3.3 Cornerstones of Good Governance

Based on an official European Union Journal states that there 5 primary criteria necessary for successful governance. According to the journal, as long as all 5 criteria are met, then the full potential of a multi-stakeholder approach could be utilized. But it can be argued that a project cannot be simply run just by meeting these 5 criteria. These criteria are focused on alleviating organizational issues but in the end, proper resources such as financial assets, human resources and connections cannot be done without.

The 5 principles required for good governance are as follows: openness, participation, accountability, effectiveness and coherence. In a multi-stakeholder governance structure, these are the same principles that are striven for, for a productive environment. Through actively promoting openness by clearly communicating decisions and encouraging transparency, avoids confusion and ensures all players are on the same page. This is shown to also affect work performance positively as expectations are clearer and managed, so deliverables are closer to the expectation. This is most effectively achieved by having all information available, easily accessible and understandable to everyone that is involved or will be affected by the decisions.

An additional benefit to having everyone on the same page and with clear cut roles avoids any confusion especially when it comes to accountability which is also a way to encourage participation. Having everything laid out, each stakeholders' roles and responsibility open for all to see introduces the possibility of peer pressure. While having a negative connotation, peer pressure has proven to improve business accountability. Peer pressure operates on two very strong social motivators, guilt and shame or peer disapproval and approval. (Gruzd et al. 2018, 3) (Turianskyi&Chisiza. 2018, 2-3)

These principles help create an environment where stakeholders are able to put faith into the project through the knowledge that their peers are delivering. But it is not enough that peers are just delivering, they need to be on time and fit the requirements. Which is the next principle; effectiveness, regarding governance means that the organization is able to meet goals and produce desirable deliverables while using their resources in the most efficient manner. By producing such results, on schedule and just being generally competent has shown to instil trust in others from the project and encourage further cooperation during and in the future after the project.

Coherence in this case means the structure is able to make logical and consistent decisions and actions. Basically, is the group able to stick to their directive and is able to make the right decisions to the betterment of the project. While seemingly common sense, as a project progresses, new information and or more variables get added to the mix the goal of the project can get convoluted. Convoluted meaning some project goals evolve or change as more research is done and the better the situation is understood. Especially in cases in which stakeholders come from vary different backgrounds and or industries in which their desired project output may vary. This can usually be observed in cases of large number of individuals from different groups especially in research projects in which representatives from multiple industries. An example of this can be an organization based around web application development working in cooperation with a logistics organization.

3.4 Baltic Sea Food

The case study analysed and studied in this thesis will be done from an internal perspective as a fellow stakeholder. The origin of the project is based on initial reports of challenges faced in the local food producers to business distribution system in 10 different countries within the Baltic Sea Region. These challenges were also observed in local food networks in the region, which suggested a possible business opportunity. This created the dialogue necessary to start bringing together the necessary stakeholders in those different countries to begin working on a solution. The body that was formed for the project consisted of 15 different organizations from the 10 countries with varying expertise. The aim was then to identify the challenges faced in each market, find the similarities and differences, to begin formulating a modular solution that could be applied or adapted to each target market in the region. The project proposal was pitched and was granted a total of 2.6 million euros and is expected to run for a period of 3 years

The project is divided up into multiple work packages and due to the sheer scale of the project, the scope will only be limited to the first two work packages that ran for a year. These work packages were focused on establishing and building the foundation of the project. Work package 2, the package that is the focus of this thesis was split up in a way that each organization was responsible for their own countries' data collection. One organization then created and handled the system that each organization would be using for the collection. This division of labour was one of the methods that was used keep the stakeholders accountable and responsible for their work and deliverables. Even with the division of labour, input and feedback was required from each stakeholder to maintain a constant level of transparency and cooperation.

3.5 Timeline / data collection process

What is research? An excerpt from “Research methods for business and social science students”:

*“Research is a diligent search, studious inquiry or investigation or experimentation aimed at the discovery of new facts and findings; or broadly, it may relate to any subject of inquiry with regard to collection of information, interpretation of facts, revision of existing theories or laws in the light of new facts or practice ideas” (*Adams, Raeside & Khan 2014, 2)

Simply put, research is a pursuit of knowledge with various methods with the goal of finding new information. In addition is used to expanding and consolidating already known knowledge when new information or methods are encountered. When looking at it from a business perspective, the purpose of research is to predict and prepare for the demands of the future. This can translate to gaining an edge over competitors through various methods such as new product or service development, solve inhouse issues, predicting future trends and or increased production efficiency. Some issues or solutions which could have never been known about without some basis or foundations to back up the claims.

In Research Methods for Business students, Saunders, Lewis and Thornhil uses a model called the Research Onion. The Research Onion is used to build up the research methodology in writing academic documents or a thesis. The onion is broken up into 6 different elements or layers like in a onion to consider in planning and building research. First starting with the research philosophies, the approach, then the strategies and choices for the data collection which is followed by the timeline and analysis.

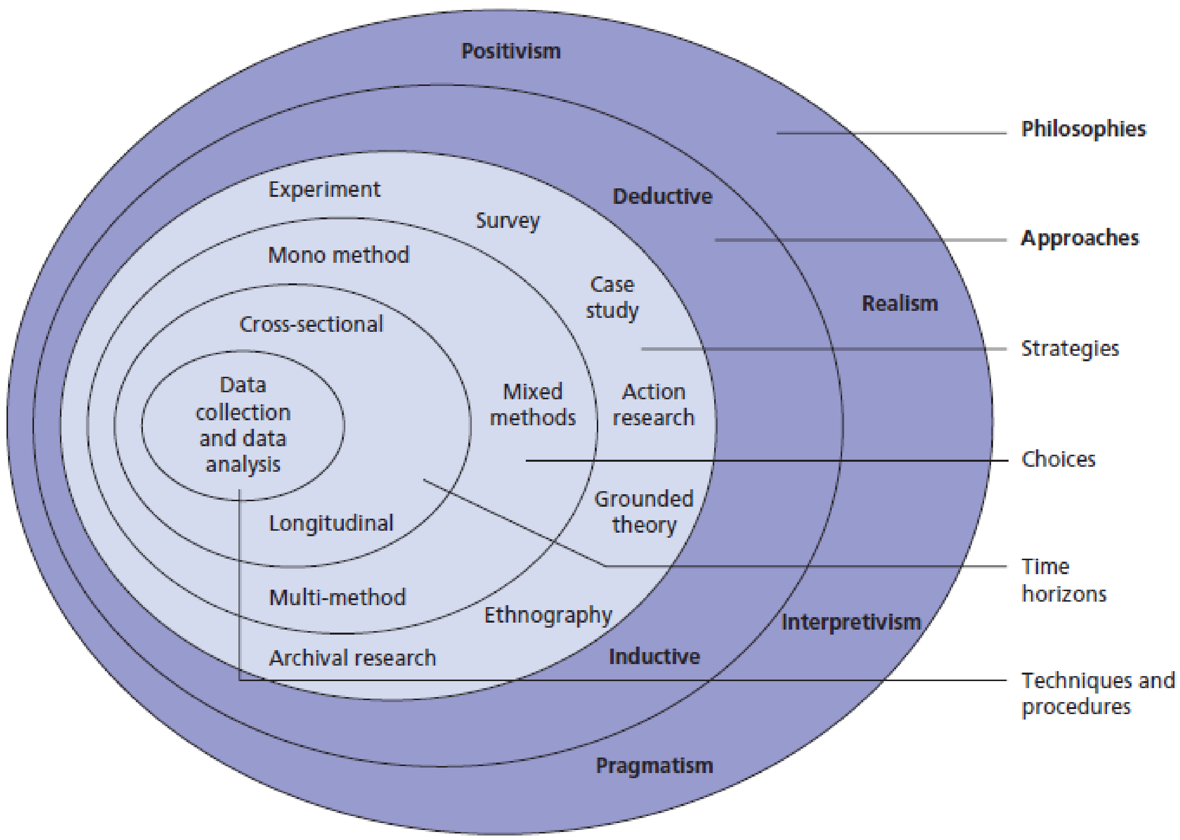

Figure 2 Research Onion (Saunders et al. 2009, 108)

The research is going to include qualitative and quantitative data collection methods, first starting with surveys then followed by focus group interviews. The surveys for the quantitative data collection was prepared by the previous stakeholders in work package 1. The survey was part of the package that was transition into work package 2 which the LAMK research team was responsible for. The survey was prepared and finalized onto a web platform for easier distribution and translation to the 10 target countries which were; Estonia, Latvia, Germany, Sweden, Denmark, Norway, Russia, Lithuania, Poland and Finland. The benefit of being part of a multi-stakeholder process was that there were stakeholders in each of those target countries. It meant that stakeholders were able to take the lead on a local level of this data collection process. The stakeholders with their backgrounds in those markets, would have access to channels for the survey distribution and experience with any cultural differences. The data from the surveys would then come directly back to the LAMK team for analysis and processing.

Following the surveys, qualitative measures were taken to fill in any blanks that were discovered by the surveys. The interviews/focus groups were used to gain a deeper understanding of anything that was uncovered by the surveys. The questions prepared for the interviews/focus groups were semi-structured allowing deviations from the questions prepared. The deviations allowed the respondents more freedom and could provide valuable insight in unconsidered areas. This was especially important in the focus groups as it would allow for discussions between the participants versus a back and forth between the participants and the interviewer. For consistency, instructions were written for all the interviewers and protocols to follow to create an evidence trail. The instructions also contained the objectives of the interview/focus groups and areas to be considered in the discussions. (Fisher 2004, 143)

In the BSF project micro-team was assembled over the duration of a few months as LAMK received work package 2. The author was brought on early to handle the initial technical requirements of the survey, as well as the data collection and processing. The survey questions were already prepared prior to the authors arrival in work package 1 before being transferred. On arrival, the time available before the distribution deadline allowed for only a quick once over and grammar check was possible. Once checked over, they were uploaded on to a web platform manually and setup appropriately before being sent to the stakeholders for feedback. Once feedback was received, changes were made, and the surveys were sent off again back to the stakeholders for translations in their native language. After a week, translations were received and again manually uploaded all 10 translations onto the web platform. Feedback was once again required, and the surveys were redistributed back to the stakeholders.

Once the surveys were completed, tested and everyone was satisfied, the surveys were shipped back to the stakeholders to distribute accordingly to their region. The data was collected over a two-month period and at this point the rest of the LAMK team was being assembled in preparation for the next step. The response rate was uneven from some locations so additional time was necessary with reminders to push to obtain results. The deadline was extended by three weeks. Data collection slightly improved but a disparity was still observed. Nevertheless, the data was compiled and analyzed. Interesting discoveries were made as well as some disappoint at how redundant some of the questions were with respect to the responses.

A thematic analysis helped to create the approaches to the focus groups which were intended to enrich the data available for analysis. The surveys' results were broken down and specific areas were focused on and focal areas for group interview were drawn up. The questions were prepped, strict instructs and protocol were written for the interviewers to avoid any unnecessary variables. The focus group interviews were carried out, but it was noticed that much of the protocol was disregarded and some of the interviews were carried out in different manners. The data was collected, analyzed for preparation of the final reports.

4 EMPERICAL DATA COLLECTION AND ANALYSIS

This chapter will be covering the empirical research in detail and to provide details for the choices made during this project phase. It will also entail our role as the Finnish team from LAMK heading the research in the BSF project and some of the text in this section rely on the reports which were create by the University micro team. Included in the appendix are more detailed reports of analysis that was conducted during the project. A final report that concludes work package 2 and all its findings from all the 10 countries. The report will contain further data analysis and representation from the project that was done by the author and the team. In the appendix a local report for Germany, Norway and Russia can also be found as samples of some of the country reports that were also done for each of the 10 countries. These reports were selected in particular as the German report represents the country with the most data, Norway with the least and Russia in the middle.

4.1 Research Process

The research foundation of the project was built on 2 surveys that were drafted to inquire about the needs of networks and distributors. The surveys were drafted prior to LAMK research team's involvement, the author of the thesis was brought on to aid in its implementation. The work consisted of proofreading, determining best method of survey distribution which ended up being a web survey platform. This was then followed with uploading questions up to the platform for the next step of translations into the native tongues of the target countries. The translation process was a long and lengthy process as both surveys were made up of 51 questions with 10 translations to each question. Each translation was provided by the other stakeholders in the project and were manually typed up onto the platform. The surveys were then distributed back to the stakeholders and tested vigorously, feedback was then compiled and acted on. Once the surveys were all in working order, they were then distributed to distributors and networks of each target country. More members were then recruited into the research team in preparation of the next step after the data was collected, analysed, and properly represented in graphs by the author.

Both surveys were comprised of 51 questions, one was tailored for the distributors and the other for the food networks involved. The survey questions can be broken down into 6 different categories of interest, those being demographic, logistics, communication, pricing, ordering and future challenges. It was decided by the research team that these were the 6 key areas that were to be focused on to gain the best level of understanding of the current environment. These 5 areas provided a way to decide how best to proceed and how best to monitor further development of the local food systems. These surveys were the initial step in data collection which is then followed up by interviews and focus group discussions which will be further covered below. It was from these surveys that some conclusions were able to be drawn and some hypothesis were confirmed. This aided in formulating the interviews and focus groups to cover some of the less understood areas.

The survey was done on a web survey platform for ease of distribution, as the survey had to be accessible across 10 different countries. The platform also allowed for multiple translations in addition to data collection and analysis tools. These surveys were drafted prior to a research team being formed, which meant the newly formed research team had very little interaction with them. The minimal interaction includes proof reading and uploading the questions up to the platform due to the time constraints. The questions had to be uploaded promptly so that the translations could be started and so that the data could provide foundation for the next steps. Unfortunately, this meant the research team could not have improved on the surveys, as there were concerns about their effectiveness. They were also observed to be particularly long with an unnecessarily wide scope which resulted in too many questions that could have been done without.

After the surveys were concluded, data collected and processed, follow up interviews and focus group discussions were held. The aim of the interviews and focus group discussions was to cover anything that was missed during the survey and also to explore and expand on the findings from the surveys. The insight that was discovered, revealed the current weaknesses and obstacles that were necessary to overcome to implement any kind of business plan. The interview/focus group were the qualitative methods used were developed by the LAMK team. It included a cover letter with instructions and protocol for the interviewer. Instructions on how to guide the discussions around the questions and what areas to take note of from the results of the surveys. As mentioned previously in chapter 4, the interview/focus groups were semi-structured to allow freedom for deviation in the discussions. This was in the hopes of uncovering areas around the topics that may not have been considered for examination.

4.2 Survey, focus groups and the thematic areas

The 5 thematic areas that were focused on to best assess the current situation and to be able to monitor the future developments of the local food systems. The areas or themes that were divided up by the research team were as followed: communication, logistics, ordering, prices and future challenges. The data that was selected for these thematic areas were what the team deemed to be the most informative and best representations of these areas.

4.3 Multi-stakeholder Research

What was quickly learned through work package 2 about how MS projects affect the research process was discovered right at the start during the transition. The transition from work package 1 to 2 shifted the responsibility of the project to the LAMK team. With the transition came all the work that was done up to that point, which included the survey questions. The questions did not coincide with the LAMK team strategies, which was one of the short comings of the MS approach. As mentioned earlier, there was not time to modify the questions, but fortunately a qualitative approach of the interview/focus group was possible with the available resources and the time frame. The resources of having stakeholders in each target country allowed far faster distribution of the surveys and still be able to conduct the interview/focus groups. The access into the 10 different countries via the stakeholders also increased the sample size of the data and the data set which in turn improved the validity of the data. (Fisher 2004, 159-160)

4.4 Demographics

In total we received 189 survey responses over the 3-month period the surveys ran, from those 189 responses we received 109 from distributors and 80 from the networks. To give the best summary of all the data that was coming from the 51 questions from the survey we decided on questions related to organizations annual turnover and questions about their clients. Unfortunately, some of the respondents declined to answer the question regarding their turnover. But from those that did choose to answer, it can be observed that a large percentage of them are operating under 25,000-euro turnover. This was of interest as it confirmed our suspicion of the situation and gave the project grounds to proceed. We were also able to determine who the main clients were which will play a role later in the next work package for the business model. (LAMK 2018.)

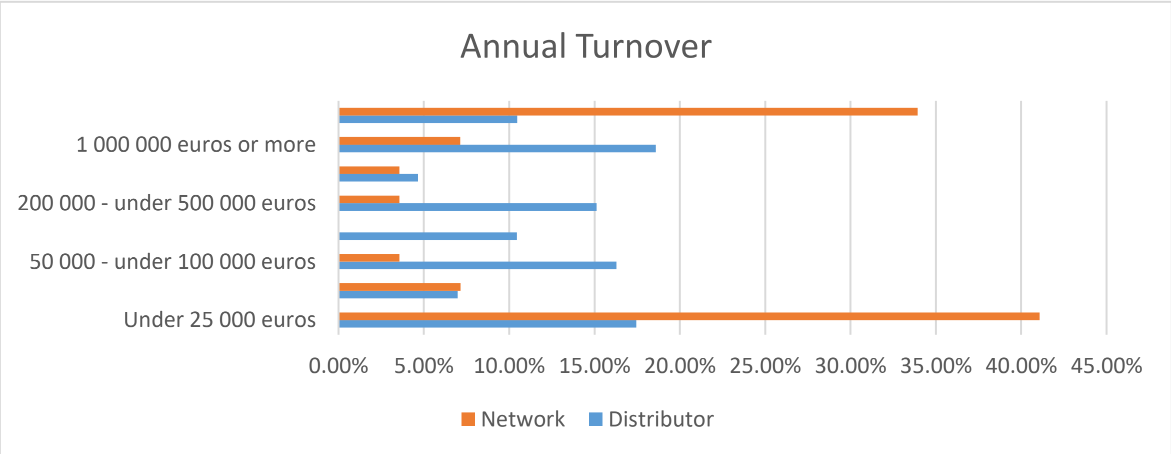

Figure 3 Annual Turnover (LAMK 2018)

5 DISCUSSIONS

The benefits of working with so many different stakeholders were quite clear especially with their wide backgrounds and access to different markets. The BSF's research goal was to discover the challenges of the local farmers and to find existing alternate solution. The access into other markets paired with the stakeholder's experience showed us what we were trying to achieve with the business model was viable. There were already existing solutions that could be incorporated into the model. In addition, this process was made a lot easier by the ease at which our surveys and interviews were able to be conducted simultaneously across 10 different countries. Time and much money was saved in this effort while also providing so many different perspectives.

But the benefits were also not without some challenges of their own, there were various concerns throughout the data collection and the general research. These started almost as soon as the LAMK research team was assembled as the team was late to the scene. Parts were already moving and as mentioned chapter 6, survey questions were already established with very little interaction from the research team. This was one of the few shortcomings of the multi-stakeholder approach, the transition of the work packages and the work that was handed to the LAMK did not entirely coincide with the team's strategy. Further preparations could have also been made before the distribution of the surveys, but the timeline didn't account for any modifications required for the work done in the work package 1 after the transition to package 2. If more time was allowed, more care would have been given to the surveys as they were key to the second work package. Everything developed during package 2 would be based on the results of the survey and then all that work would be prepared and transitioned to the next stakeholders in package 3.

The main cause for concern was how wide of a net the surveys threw which also resulted in a very long survey. The problem with a long and unfocused survey is that it creates unnecessary work that takes time away from other avenues of research. The surveys were 50 questions for the distributors and 51 questions long for the networks, multiplied by 10 translations required for each. Each additional question added some possibility for mistranslations or misunderstanding which can be considered a variable for data reliability. All these questions and translations also needed to be manually added to survey platform which was additional man hours. Any additional hours dedicated to the survey was taken away from the next step in the research process.

While having so many different countries involved in the research was a great benefit, the stakeholders responsible for their side of the research proved to be problematic. Due to not being a traditionally organized project, the stakeholders could not be directly controlled like teams or individuals in a normal organization. Stakeholders had to be influenced and hoped to perform and bring the right deliverables on time. This concern was not an issue at most times but a few of the stakeholders' involvement was inconsistent. This was particularly an issue during the survey data collection stage as a couple countries were underperforming. When this happened, everyone was encouraged and then pressured to distribute more surveys before the deadline. The results of the combined data of all the countries ended up skewed by one over performing country and several under performing countries.

Some cultural issues also arose during the interview/focus group process, some countries were unable to follow the proper protocol in the instructions. The LAMK research team advised to have both verbal and written recording of the ongoing of the interview/focus group discussions. This was to ensure instructions were being followed for reliability sake and so that where was a data trail to follow up if necessary. A few countries directly declined the request for verbal recordings during the discussions and another brought up legal issues. In the end there was no data trail except for 2 countries, there was no documentation or recordings in the discussions. Only data that was received was direct answers to the questions, which defeated the purpose of the focus groups. Instead this whole qualitative data collection process could have been prepared and done as an interview. This would have allowed for telephone or skype instead of just a few face to face interviews. It would have allowed for a much larger data sample and would have increased the reliability of the data.

6 SUMMARY AND CONCLUSION

This paper focuses on the affects multi-stakeholder approaches have on the research of a project. Basing its findings and discussions around the efforts of work package 2 of the BSF project taking place over 10 countries in the BSR. To best understand the research process of a MS project, these were the questions that were aimed to be answered in this paper.

Does the multi-stakeholder approach have any impact on the research of the project whether negative or positive?

It was clear from the literature review and the first-hand accounts from the BSF project that the MS approach does indeed affect the research of the project. These affects were both positive and negative. The positive was clearly the amount of resources and experience that was brought to the table by some of the stakeholders involved. The stakeholders that were directly involved were from very different fields, some were involved with tourism, agriculture, politics, business and education. Each of these being very valid fields for the various stages of the BSF project, with the possibility of utilizing their own local networks for further support. Having access to 10 different countries without requiring further spending was also a great benefit as it provided the research with 10 data sets.

How does a decentralized research approach work in multi-stakeholder approaches?

A decentralized research approach was possible in a MS project and was made even easier to achieve as a MS project. This ties into the answer in the previous question, stakeholders in the target countries were able to conduct the necessary data collection with aid from the LAMK team. The stakeholders involved were familiar with their own local landscape and have the necessary networks and connections for the distribution for the surveys. They were also aware of the local cultural differences that may have impeded foreign research methods. Cultural differences such as laws, regulations, work culture and local customs. So, stakeholders took responsibility for their own countries data collection with instructions and surveys done by the LAMK team for the quantitative data. This was then followed by the qualitative interviews/focus groups which heavily benefited from the local knowledge. As mentioned earlier, there were some clashes with the LAMK team's protocol with local laws and customs. Which would have not come to light without the stakeholders' involvement and would have been considered a cultural blunder. In addition, the ease of access into the 10 countries was critical for the research as the solution being conducted in the third package is designed to be modular. Which would not have been possible without the research into the various target markets it was planned for.

How effective are multi-stakeholders in finding new and existing solutions?

During the research process, there was much discussion between the stakeholders and in some of the country reports regarding the survey data. It was discovered in several countries that there were already existing methods for LFS. Even before the survey data was done collecting, this information came to light as some of the stakeholders were already familiar with the solutions. Considering the range of expertise available, the large data sets collected and the adaptability of a MS approach, it can be safe to assume new solutions can also be found.

In conclusion, when embarking on a MS project, the preparation phase should start well in the application phase or before. This preparation phase is necessary to find the right stakeholders that fit the criteria for a successful MS project. Meaning stakeholders should be coming from each of the target regions, they should have expertise and have experience in the field of the study. Stakeholder history and reputation is just as important, they should have the necessary resources, time and commitment for the project and be able to provide deliverables on an acceptable time frame. They should also be able to and willing to work with the other stakeholders involved to avoid any conflict. Under the right circumstances the MS approach is proven to be highly effective but reaching the right circumstances can be a challenge.

The benefits of the MS approach were quickly recognized but the issues that came with it became more apparent as the project progressed. One of the biggest issues during the work package 2 was some of the stakeholders' commitment to the package that they were not directly responsible for. Due to the nature of how the hierarchy works in a MS project, these stakeholders were not possible to be directly controlled. So as another fellow stakeholder there is not much that can be done other than rely on

6.1 Reliability and Validity

There were some concerns raised by the research team about of the reliability of the data. This leads back to how the multi-stakeholder process was handled, the handoff process of the previous work package which included the surveys. Even though the LAMK team were responsible work package 2 which is in large the research portion of the project, the surveys were crafted by another. This meant having to conduct and build the foundation of the project based on another works which did not align with the LAMK teams research methods. Due to the short time frame, the team had very little opportunity to modify the surveys to their own needs. This led to various issues with the surveys that may have affected their effectiveness and future steps of the project.

The survey in its final form required a minimum of 30 minutes to complete, the quickest was 15 minutes and the longest was an hour based on the survey platform's statistics. The duration required to complete the survey raised a couple questions, how many participants did not finish the survey due to its length and complexity and did all participants continue answering the survey the same way they start it or did they rush the end. Once after the data analysis was done it was noticed that there were various questions that made no contribution to the final report. It can be argued that in hindsight it is much easier to see where there were areas to improve but if proper guidelines of survey building were followed, much of the issues could have been avoided.

There was also a question about the translations, having to translate and distribute the survey to 10 different countries also raised the concern of the accuracy of the translations. Having 2 surveys with about 50 complex questions each translated 10 times, raises some questions about accuracy which may have affected data reliability. Meaning or significance can be lost when translating into another language and when all the data is compiled in the end these variables add up. The other issue of distributing to so many different countries was also the difference in the number of responses that were received. The varying range of responses meant a possible skewing in the data, this was observed in a several instances. During the data collection and processing, it was observed that there were a few outliers, some countries able to collect more data than others. When the data was processed and compiled together, the results were more heavily influenced by the countries with more data. This may not have affected the data as a whole and is still valid but the combined data would be less of a representation of the countries with less data samples. The only concern would be that the next work package responsible for the business model would be more tailored towards the countries that contributed the most data. Fortunately, the project has already been aiming for a modular solution, that can be adapted to where-ever it needs to be implemented.

6.2 Future research recommendations

The primary focus of the thesis was the research that is conducted in a MS approach and in what way it had an affect on the research of the BSF project. A deeper study into how stakeholders in a MS project could be better managed would be quite beneficial. As most of the draw backs to the MS approach are all related to how stakeholders, specifically due to how stakeholders are considered peers and cannot be controlled.

The structure of how the work is best handled or structure in a MS project is another area that could also prove worthwhile to research. This slightly touches upon the stakeholder control issue, as with stricter work or deliverable guidelines can increase transparency for the stakeholders. This increase in transparency can then in turn be used as peer pressure to influence stakeholders to perform better.

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7 APPENDICES

7.1 Appendix 1: Work package 2 Final Report

Baltic Sea Food

BALTIC SEA FOOD FINAL REPORT

Lahti University of Applied Sciences, Finland

Table of Contents

1 Introduction

The Baltic Sea Food (BSF) research project aims at developing a business model(s) by coordinating local food producers with regional food distributors and networks and finally with regional customers. The goal of the BSF project is to generate business model(s) and/or business distribution models by researching and analyzing ten target countries surrounding the Baltic sea region with respect to business to business opportunities. This study does not specifically focus on business to individual consumers such as farmers markets, although the resulting recommendations for developing business to business models should not ignore potential synergies with business to consumer markets.

The study aims to produce an overview of the current situation of local food production intended for sale to the business sector as material to be used in the creation of testable business models. This document is not intended to produce the specific business models, which is the next step in the project, but to provide an overview of how each of the 10 countries currently engage in the sales of local food production. The aim is to identify how local food sales are handled, how the market of local food is understood, what is working or is considered challenging in those processes, and where the stakeholders see the future of developing local food production for sale and distribution to local businesses in the Baltic Region. This document focuses on the current state of the local food business, to subsequently be used to help develop approaches in creating types of business models which can be selected, piloted, evaluated and modified with the intention of creating a systematic approach to generating a functional business platform for the different specified stakeholders.

As part of the BSF project, once the combination of business models is developed, they will then be systematically piloted and evaluated over a 3-year project time. The goal is to create a digital/electronic platform to coordinate and disseminate information in a way that will aggregate local activities into more sustainable business ecosystem. Additionally, the piloted business models will test different approaches to local distribution as this challenge also represents a critical factor in the resulting business models being financially viable.

This study considers four stakeholders' perspectives when researching and analyzing information provided by the ten partner countries. These stakeholder perspectives are 1) farmers / local producers, 2) networks, 3) distributors and 4) catering businesses / restaurants / chefs.

The BSF project was undertaken because the initial, but fragmented, reflections about local food production and sales to businesses indicated that similar problems and corresponding possibilities were faced by local food networks in ten countries in the BSR region, and that the business opportunities were in fact fairly similar. Hence, it was decided to combine the ten countries under a Baltic Sea Food project to address the business and coordination issues and consider approaches that could perhaps be better understood in a wider scale than could be appreciated or understood in a single market, country, region or organization.

The smaller scale focus tended to create individual solutions without considering alternative approaches which currently worked but were difficult to systematically develop. It was determined a more systematic approach might be helpful in developing types of business models for the various markets. It is not the intention of the BSF project that a single business model will be implemented in all ten countries, but that a more structure digital approach would allow for more market synergies, and that functional digital solutions would benefit the stakeholders to have a more coherent platform in their local markets. By collaborating in the BSF project, the ten countries would be more efficient than developing the local solutions on their own.

In order to assist in the designing of business model(s) or solutions it was determined that researching how the current stakeholders involved in the sale of local foods to business understood the processes and challenges would be the approach that would yield the most useful results. According to the BSF project plan, each of the participating countries / regional partners were individually responsible for the gathering of information, and reporting about existing Business to Business cooperation and distribution channels in their respective areas / geography. The research was approached under the basic assumption that each country had its unique cultural constraints and understandings of how their market worked and why. Therefore, a decentralized approach to the actual research was undertaken at the local level, combined with centralized coordination of the direction, flow and reporting, in order to create a comparable picture for each of the ten countries involved in the study. The logic was, a centralized guidance would be offered, but the choices to support decentralized implementation would better allow for each country to adjust to local conditions. This methodological choice had both a positive and a negative impact on the depth and comparability of the data.

In brief, the actual research processes involved collecting data through two versions (networks and distributors) of an electronic survey, which were submitted to the local partner for comments and then translated into local language, to be distributed via the local partners to their regional networks and contacts. These surveys were then returned electronically to a centralized database in order to ensure the data was both comparable and complete. The data was then analyzed with respect to the local partner and selected questions were drawn to highlight specific themes and facilitate reporting. In this analysis process four specific areas were determined to be focal areas to develop in a more in-depth manner in in-depth interviews/focus groups.

The choice of in-depth interviews or focus group was made at the partner level according to what they determined would be better for developing a deeper understanding of the targeted issues. These interviews and focus group discussions aimed at developing a dialogue about the current situation and the future challenges of the local food networks and extended the initial findings of the electronic surveys.

Both the electronic surveys and the interviews/focus group data would be combined in the local country reports to be utilized as the basis of this study which looks at the findings of the ten country reports and provide an overview and recommendations which resulted from analysis the package of these reports.

According to the preliminary review of the country reports, there are four general types of sales relationships in BSR food networks: Direct, Intermediary, Event and Distributor Cooperatives.

1. Direct business to business exchange between local food producers and catering businesses run by local farmers in a small and specific area. Information is mainly

collected and shared by phone. Usually, there is no distribution or logistics systems in use. E.g. lokalmat.no and bondensmarked.no. There is not a consistent E-Platform in use between the different stakeholders.

2. Intermediary sales, a middleman is responsible for collecting orders from the local businesses, they then source the orders from the local farmers, then collect and deliver the products to local shops/restaurants. These intermediaries can be independent companies or founded as collaborative organizations by farmers. E.g. bondensskafferi.se, smagdanmark.com, rorosmat.no. For these intermediary organizations, digital platforms are not usually used, as phones are preferred. The intermediary type of sales relationship allows for a wider variety of suppliers and end customers. The focus here is on availability, quality and cost of distribution. There is not a consistent E-Platform in use between the different stakeholders.
3. Event based sales are seasonal opportunities or marketing situations such as food festivals or fairs where local producers and local businesses meet. For these event types of sales, usually no specific distribution system or digital platform are used since they are face to face transactions. The effectiveness of these events with respect to sales it tied to the marketing efforts of the event organizers. The event type of relationship does not promote consistent and ongoing business as no supplier network or infrastructure for distribution is created and maintained. There is not a consistent E-Platform in use between the various stakeholders.
4. Distribution Cooperatives are cooperative societies of farmers or independent organizations developing Business to Business relationships which are well organized farmers, distribution/logistics organizations and end customers which are strongly business oriented.

The preliminary review from producer's perspective is, in the BSF region, during the last five to seven years, there has been an increase in the use of electronic solutions for consumer sales, including both social media and food web sites. Usually, these local food producers in rural areas are usually family-owned micro-businesses which are not individually able to create and implement a sufficient digital solution and incorporate a financially viable distribution solution. The use of social media allows for easy access to a readily available electronic communication forum but is limited to simple availability posting of a product being for sale. This may work in an opportunistic sales relationship with a customer, but certainly lacks the type of consistency necessarily required in developing and servicing a business relationship. In more systematic attempts of using the digital or electronic solutions have focused more on information sharing between organizations and consumers.

For example, some groups have established local food distribution sites where orders can be collected individually. However, even though there are specific attempts at creating business to consumer relationships electronically, currently according to the research, the business to business type of relationship has not been adequately developed. There are features of a business to consumer electronic platform that could and should be included in developing the piloting of the business models and business distribution models as they are supported by the development of an electronic digital range of solutions, which should also be extendable to the consumer market. However, according to this research, a range of business to business solutions must to be developed to support the development of local food sales and distribution to local businesses.

According to the study, as a preliminary review from the business customers perspective, there were several additional issues which were raised. In brief: demand and supply matching were subject to constant change which made planning more difficult, inconsistent quality of the produce, the variation in the volume size of orders made it difficult to organize the timing of the logistics, considering in some markets, the relative distances for sourcing, lack of clear ordering process/documentation, and finally, a lack of suitable electronic platform to facilitate the business processes.

In conclusion of the preliminary overview, in order to support the development of local food businesses, the BSF partners recommend that a sustainable business distribution model(s), with small distribution chains, focusing on the electronic business to business segment should be established in BSR region.

After a brief overview of the methodology of this study, we will further develop the focal areas of this research. These issues are described thematically in the same flow as the country reports to facilitate the reader to use the entire research and to help maintain consistency as we develop the final section of this report, the recommendations for the BSF project.

This study is published as a result of information collected by various partners and all participating countries. The report presents main finding on existing food networks operating principles, different solutions used in distribution system and conclusions of key success factor of an efficient business to business distribution. The report also includes highlights of each country report submitted, that are attached in the Annexure section (Annexure A to J). The report also includes joint conclusions and suggestions to improve the existing solutions by considering local specialty and challenges faced geographically.

The ten individual reports, submitted by the individual countries are the sole source of data to be analyzed and presented as findings and recommendations of this study, to be utilized in the subsequent development work packages of the BSF project. This study, in combination with the individual country reports, represents work package two of the BSF project. This study was coordinated and prepared by Lahti University of Applied Sciences.

The Baltic Sea Food project is co-financed by Interreg Baltic Sea Region Program and the EU.

2 Methodology

2.1 Survey

The initial survey was done in Finnish and then translated to English to allow for easier translation to other local languages. The survey was adjusted to reflect assumed differences in how a network or distributor understood the business to business sales processes for local foods in their national markets. The two preliminary surveys were sent to the partners for comments and the commented surveys were then compiled into master surveys which were then returned to the partners for translation to the local languages. These localized translations were then compiled into two surveys with the option to select from ten local languages. This approach ensured that all of the ten countries surveys were the same and the responses would be captured in the same data file for each survey for all ten countries. This process ensured the data integrity while also ensuring that all the responses were correctly captured and corresponded to the appropriate questions for each country and for comparisons.

Overall there were 51 questions covering six thematic areas. These thematic areas are logistics, communication, ordering, pricing, future challenges and demographics. The themes were selected because they represented the critical areas which would be necessary to understand when developing the approaches to the piloted business models.

The primary target groups to be surveyed survey are networks and distributors dealing with business to business transactions for local food. These networks and distributors would be selected based on the local partners choices of who should be included in the surveys. This focus immediately excluded both networks and distributors that focused on providing local food to the consumer markets. This choice would reduce the number of responses but improve the quality of the data because it reflected the actual target group the BSF project need to engage in developing the future business models for the business to business sectors. The number of completed surveys for the distributors for the BSF project was 109, and the number of completed surveys for the networks for the BSF project was 80. The survey was completed from 09.01.2018 date to 28.03.2018.

Networks	Distributors
37.5% networks are less than 3 years old and 24% networks are over 10 years old	41% distributors are over 10 years old and 30% are 5-10 years old. Distributor organizations are comparatively older than network organizations.
97% of members of networks are Farmers.	-
41% networks have annual turnover of 25 000 euros or more. (33% networks have not disclosed the annual turnover information)	19% distributors have annual turnover of 1 000 000 euros or more. (17.4% distributors have annual turnover under 25 000 euros and 16.3% distributors have annual turnover 50 000 – 1 000 000 euros)
81% networks sell products to end consumers and 39% networks further sell it to distributors	87% distributors sell products to private persons. No distributor sells back products to networks.
84% networks participate or organize in marketing events / activities. Food markets, food fairs, thematic food events are favorable those who take part in marketing activities.	46% distributors participate or organize in marketing events / activities. (54% - don't) Food markets, food fairs, thematic food events are favorable those who take part in marketing activities.
57% networks are not satisfied with the existing delivery chain. The major reason behind dissatisfaction is lack of financial resources.	59% distributors are satisfied with the existing delivery chain.
13% networks take care of returning of products.	19% distributors take care of returning of products.
52.5% networks do not use any E-Platform or IT solution. Out of those who use (48%), 56% use it for making orders, 62% for information sharing, 35% for payment handling.	58% distributors do not use any E-Platform or IT solution. Out of those who use (42%), 75% use it for making orders, 53% for information sharing, 47% for payment handling.

Networks	Distributors
63% networks do not have any written business plan	69% distributors do not have any written business plan
Only 45% networks have regular goods storage space. Out of that 60.5% networks think that they do not have sufficient storage space.	91% distributors have regular goods storage space. Out of that 61.5% distributors think that they have sufficient storage space.
80% networks think their consumers do not get enough information about local food products.	76% distributors think their consumers do not get enough information about local food products.

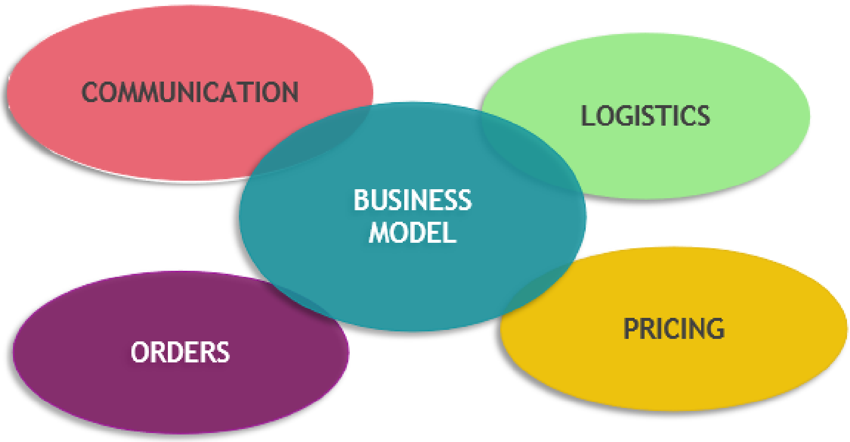
Once the completed surveys where received, the data was analyzed and separated and returned to the partner, so they could create their interim reports to be shared during our study trip to Sweden and Denmark 3.4.-6.4.18. This process ensured that all partners were on a similar schedule and that all of the partners were aware of similarities with other partner markets. This step was important for creating cohesion in the BSF project because it was the first time the partners needed to complete and share specific information about their own markets. The specific questions that were highlighted also provided the focus of the next round of the research processes, the in-depth interviews or the focus group discussions. The purpose of these further discussions would help to flush out issues that could be counted and compared in a survey but not explained or discussed. In other words, answer the questions of how or why.

2.2 Interviews / Focus Groups

Almost immediately after the results of the surveys were received, the data was analyzed, and key focal areas were identified. Discussion questions were formulated around these areas to include additional stakeholders such as farmers, local producers, restaurants and end consumers. Interviews and focus group discussions were preferred in order to get people in one place to discuss and collaborate about the current situation, the current solutions and the future possible approaches and concerns as we tried to develop an understanding about what needs to take into consideration when building the future piloted business models, business distribution models and the electronic / digital solutions to be proposed, created, piloted, evaluated and implemented.

The interview / focus group discussions were guided by identifying the most critical survey questions related to the issues concerned in building approaches to the business models to be piloted by focusing on the same six themes covered in the surveys: Communications, ordering, logistics, future challenges and demographics.

Image 1. Key themes identified for surveys & interview/focus groups



Communication:

Communications explores the currently used digital solutions, marketing and communications channels.

Ordering:

Ordering focuses on how networks/distributors receive & process orders, and how quality and food safety is handled throughout the ordering process.

Logistics:

Logistics focuses on how orders are delivered to customers and the challenges in current delivery chain.

Pricing:

Pricing is concerned with how payments are handled and the current perceptions about price and competition.

Future Challenges:

Future challenges help to focus priorities and perceptions about investments opportunities.

Demographic:

Demographics clarifies the scale, financial situation and the target groups as stakeholders.

3 Thematic Findings

3.1 Topic 1: Communication

3.1.1 Survey Responses

Communication about local food is paramount in the processes of selling local food. In general communication channels used by networks are social Media (60%), website (59%) and word of mouth (56%). In case of distributors, most used communication channels are, word of mouth (77%), website (78%), social media (60%) and newspaper (42%). From the study, it is clear that some forms of electronic communication are being used by both networks and distributors. In the field of communication, the surveys have clearly shown that E-Platforms or other IT-solutions are common among networks and distributors, but the main use can be different.

For example, 48% networks use some E-Platform or IT solution and of these 48%, 62% of the networks use the digital communications for exchanging information and availability about their products, but only 56% of them actually use them for making orders. This actually means under half use digital platforms at all and about half of those actually process orders electronically. The story here is around 25 of the networks actually makes sales electronically.

The story is different for distributors as 42% of distributors use electronic communications, but from the 42% of the distributors, 74% use them for making orders while and 53% use for exchanging information and availability about their products. Therefore, fewer distributors use electronic communications, but when they do almost three quarters of them use the platform to actually make sales. It should be noted, 74% of distributors use promotional website for marketing to their customers, but only 38% networks use promotional website for marketing. However, despite the use of digital communications, both networks (76%) and distributors (80%) feel that customer do not receive enough information about local food products. This clearly represents when electronic communications are utilized by distributors they are effective in generating sales and that increasing electronic communications from networks and could also increase traffic. Both groups would appreciate being able to provide more effective communications about local foods.

With respect to the event type of relationships, one interesting difference in communications is that networks (84%) prefer event marketing for generating sales, while distributors (54%) do not participate or organize any event marketing. For example, 78% of networks attend food fairs, 67% attend food markets and 51% attend thematic food events. When distributors do attend food fairs (69%), attend food markets (53%) or thematic food events (47%) they felt that they benefited by maintaining personal contact to know customer's requirements, to represent the producer's product / food quality producers, to establish a reputation. Event marketing is understood to be effective with respect to communicating directly with customers.

3.1.2 Interview Findings

During the follow-up interviews and focus group discussions, communications issues were important in all countries for all of the stakeholders. Across all countries and all stakeholders; farmers, producers, networks, and catering businesses, social media and web shops came up as the most popular method for marketing. Producers particularly were invested in social media platforms as a method for reaching customers. The reasons for this choice include its ease of use: 'on social media a picture and a few words are enough to make a sale' (Estonia), its widespread use and the simple fact that there are no costs involved.

The majority of chefs/restaurants/catering business were firm in their view that direct communication with the producers is a key element in obtaining great service and quality products. Currently, direct phone calls to the producers allows for the buyers to be more specific about their requirements and results in a personal connection to the producers. This in turn encourages higher quality goods. Most producers followed the same line of thinking, Danish farmers mention 'Communication must be done in a personal way, as it builds trust and credibility and can build good business relationships'. A suggestion from Germany was for local networks to arrange meet-ups for producers and buyers, in this way raising awareness and at the same time introducing them to an E-Platform. In this way the relationships can be built up alongside a functional E-Platform. The existing MECK-SCHWEIZER platform has a feature that allows producers to upload information about their business philosophy. Buyers in particular found this feature useful for judging the likely quality of the products.

A key factor that was emphasized during the interviews was that an E-Platform must suit the needs of the different stakeholders. For example, German producers expressed the need for the E-Platform to have automatic inventory counting, in this way the producers don't need to waste time updating stock levels on the computer.

In general, farmers are looking for a solution that is simple to use, does not require a lot of investment of time or expense. Chefs require a platform that is provides detailed information about each product, right down to the fat content of meats and ripeness of fruits. It was felt that the E-Platforms solutions should come with simple training or instructional videos.

From the interviews focusing on communications it became clear that the origin of produce is a crucial factor, mentioned by each stakeholder in the majority of countries as the local food brands core value. Customers are willing to pay for local food because of the fact that it is local, it has a story, a specific farm that represents quality and freshness. Thus, the visibility of this brand is of paramount importance. This includes tracing products back to specific farms and raising awareness of local producers. An interesting point was raised by chefs in Denmark concerning customers preferring items labelled as 'Local' over 'Organic', even though both labels might be true for one product. This highlights the need for sellers to research within the local market how local customers perceive local food. Cultural differences between the countries may result in differing attitudes. The business model should include methods for undertaking this kind of market research, local producers are unlikely to have sufficient time or knowledge, and this should be taken into consideration.

Overall, distributors and networks were more likely to use an electronic solution for handling orders and payments and contacting buyers and sellers. Distributors in Estonia, Poland, and Sweden use phone calls alongside electronic solutions, as this suits the needs of the producers and buyers in their regions. Latvia, Germany, and Denmark refrain from using phone communication, Danish distributors used phone only under special circumstances where time was a constraint.

3.2 Topic 2: Ordering

3.2.1 Survey Responses

In case of networks, orders are processed by emails (56%), by web shop (56%), by phone call (46%). Networks payments are handled by cash (66%) and by invoice (62%) and mobile applications (36%). According to the surveys, direct contact while placing an order enhances the chances of better quality & availability, ensured quantity as well as timely delivery.

This perspective was shared by distributors. Distributors orders are mostly handled by email (74%), by direct selling (60%) and by phone call (55%). Distributors handle payments by cash (84%), bank card (50%) and by invoice (86%) and mobile apps (16%) are used for order processing. According to the surveys, it is clear that mobile applications are not currently preferred in order processing.

3.2.2 Interview Findings

During the interviews and focus groups several issues did arise with respect to how orders are processed which might affect how an electronic platform would be implemented.

Email and phone are clearly the most common methods for placing orders. This was largely due to ease of use, the desire for direct contact with individuals and a lack of understanding with other solutions. Some regions do already use E-Platforms; however, they tend to be limited and only used by specific groups of stakeholders, usually just as a place for making orders and managing payments. From the interviews it was clear that there is a clear need for an electronic platform that suits the needs of all of the different stakeholders including business to business and business to consumer.

For example, one issue affecting ordering processing is to establish enough information to understand what specifically is being ordered. An Estonian chef stressed the importance of getting enough information about the products. This was the main reason for ordering by phone. They can hear how it was produced, fat content of meats, and levels of ripeness with fruits & vegetables. If an E-Platform is to be used, then it must include sufficient depth in the product descriptions to understand what specifically is being ordered.

Related to the product description is the issue of product availability. If quantities ordered are low, then delivering directly from the buyers may not be financially sustainable. For example, when smaller quantities are involved a more centralized type of solution would help reduce the costs by clustering the transactions.

In Germany the networks solution MECK-SCHWEIZER is being used by producers and distributors within the Mecklenburg-Vorpommern area, they provide an E-Platform solution that has had varied success. A benefit of using this E-Platform was that even though chefs buy products from many different producers, they can buy them all at the same time. Companies only receive one invoice despite the fact that the products come from different producers, this reduces paperwork but comes at a cost: 10% for using the platform and a further 10% for using the MECK-SCHWEIZER delivery service.

To continue with the idea of clustering orders is the issue of time. The perception of time was a recurring issue as a barrier to incorporating E-Platforms. For example, a suggestion was made by chef in Sweden to develop an adapted 'SIRI' version of ordering into the E-Platform. In this way chefs could save time by simply speaking their orders into the phones and the orders could be transcribed automatically.

Finally, a concern discussed was how the regulatory environment would affect how the E-Platform could actually be implemented. Therefore, the final business models must take into consideration the various regulations that affect the stakeholders in each country. To make the point, a concern was raised by producers in Finland about the complications of using an E-Platform to sell locally brewed alcoholic beverages as regulations prevent the online sales of these products. Other regulatory barriers were uncovered in Denmark, where publicly funded food networks are prevented by law from running commercial business. This has resulted in a situation where investments have not been made into common systems for handling orders.

3.3 Topic 3: Logistics

3.3.1 Survey Responses

More than half of the distributors and networks reported general dissatisfaction with their current delivery chain. The reasons vary slightly, but the main reasons are the lack of lack of available human resources which can be tied to financial limitations. Additionally, more than half of the distributors (60.61%) answered that the cost of delivery is too high as being a chief concern and is followed by market area being too small (45.45%).

3.3.2 Interview Findings

The interviews/focus groups focus here on how logistics are handled, collaboration possibilities between distributors, and tracking of goods. In many cases the producers are still directly delivering to buyers, this means directly to restaurants or to a central farmers market. This ensures that their products are handled well and presented in the best possible way. Estonian, Lithuanian, and Russian producers have organized central gathering points agreed with the distributors, this reduces the need for distributors to pick up from remotely located producers.

Traceability came up as an important factor in the communication line of discussions. Considering the logistical challenges involved in sourcing, labelling and packaging become significant tools to carry the message of origin through to the final customers. Estonian chefs identified the challenges here for products that arrive without labelling, the responsibility then falls to the distributors to trace the products and ensure the quality is preserved. German distributors also talk about the importance of producers using product labels and EU Article Numbers, stating that many producers have a low understanding of this and training is required. When these labelling regulations are followed it allows for easier tracking of goods.

Another logistical challenge highlighted by German distributors, was that of distributing different goods in the same delivery vehicle. Mouldy cheese, fish, and salad all have to be packed appropriately when they are transported together. The need for refrigerated trucks was also mentioned by German and Lithuanian producers/distributors. In Lithuania producers are concerned that if they do not deliver their products directly to the buyers then they cannot ensure 'premium quality' is delivered, however this is unsustainable when they cannot deliver in high enough quantities. This highlights the need for distribution services operated by individuals that can guarantee preservation of the quality.

Chefs in Denmark mention that they often deal with many different delivery companies, since the different producers arrange their own logistics services, this increases the amount of paperwork and time spent handling orders. This was reflected in the theme of ordering. Further challenges arise from various services only delivering at specific times or on specific days. There is a lack of consistency in the delivery of local food and this reduces the likelihood that restaurants will choose this option.

3.4 Topic 4: Pricing/Profit Margins

3.4.1 Survey Responses

Based on the survey responses, more than half of both networks (67.80%) and distributors (55.95%) determined that they were satisfied with the price of local food.

A contributing factor to the challenges of appropriate pricing and profitable margins is competition which 46.43% of distributors have reported there to be strong competitor presence in the form of retail chains, farmer markets/shops and other food networks. Networks appear to be less concerned about competitors with, 28.33% answers saying they have no information about local competition, but still 38.34% answered there to be strong competition. In the networks case, competition came mostly from retail chains, farm shops and wholesalers.

3.4.2 Interview Findings

Initially it was assumed that there were large margins between what was paid to the farmer and what the product was sold for the final customer. However, the surveys indicate that pricing is not the usually the main issue between the stakeholders. The place where price became a topic was when the distributors were concerned with the high distributions expenses occurring when there were long distances but small quantities or low geographic density of sales. Chefs and catering services believe that the high price of local produce is justifiable to the end consumers if they understand the story behind the food. This underlines the need of a well-defined brand and storytelling marketing approach.

To say that price is not important would be misleading. For example, existing E-Platforms come at a cost for sellers and buyers alike. Chefs using the German E-Platform MECK-SCHWEIZER are clear about the need for price savings on collective orders, without this they say the systems is not attractive for them.

Countries are divided in their understanding of the suitability of the current pricing systems. There are also discrepancies between networks and distributors within the countries. Distributors make it clear that price markups are agreed with the producers beforehand, however they tend to vary between products and also between producers. For example, Denmark suggests that producers need to be made aware of the potential gains made from focusing on exclusive products. Products that are marketed as exclusive can be sold at a much higher price level. However, if products are also sold through large retailers then the exclusivity is lost and the subsequent appeal to the end consumer drops.

Additionally, and related to the regulations issues in logistics theme, Danish networks have mentioned difficulties concerning the regulations surrounding running a publicly funded commercial business, this has a knock-on effect to the pricing of services.

3.5 Topic 5: Future Challenges

3.5.1 Survey Responses

Future Challenges are important considering the perceptions of the networks and distributors. Networks are planning to invest in new IT-solutions (42.11%), only 28.07% answered that they are not planning on any new investments and the rest of the responses are again fairly evenly spread. However, out of all the distributors (32.53%) answered that they are planning on any investments in the next 2 years. The responses were fairly evenly spread with plans to invest in areas such as storage (31.33%), vehicles (25.30%), IT-solutions (26.51%) and other (24.10%).

When asked what the current biggest challenges are when distributing local food, the main challenges from both sides were fairly similar. Both agreed that small production volumes from farms and logistics is too expensive due to long distances.

3.5.2 Interview Findings

The interview findings will be covered according to each country as they had similar discussions with specifically different challenges.

Lithuania: Felt that educating the consumer about the health benefits and better taste of local food would help to increase the demand of the consumers. They also felt that government support would be beneficial in raising the awareness for local foods. Specifically, they voiced the desire for restaurants to know more about the farmers and their exclusive products. There are general feelings that they are missing cooperation, quality, commonality and discipline in dealing with farmers.

Estonia: One of the challenges of using local food comes from where Estonia is situated. Food products in Latvia are cheaper so end customers tend to purchase products directly from Latvian producers. The biggest challenge in Estonia is finding producers that produce in sufficient quantities to ensure consistent supply of products. An additional challenge is encouraging municipal governments to use more local foods.

Denmark: If there aren't enough products to ensure stable and continuous delivery, then there is not going to be consistent demand, therefore, it makes no sense to construct a big system to meet such inconsistent demand.

Some of the farmers mentioned that the legal requirements for food safety, labelling, demand for refrigeration, handing over of goods may be a barrier to selling local products - especially in smaller quantities. This could mean that too many products will become available and introduce a sort of "fatigue" in the costumers. In addition, successful products often generate look-a-like products making it difficult to ensure genuine products are sold.

It was felt that a two-sided strategy with increased cooperation within the local community, combined with a smaller group of customers, in select geographical areas or segments, could work to support people that were really interested in purchasing the local foods.

However, there was also a concern that local foods could simply be a trend and may not continue over time.

Finland: The availability of skilled labour with a commitment to local foods, combined with stiffening competition are the biggest challenges for the future of local foods in Finland. Costs of different logistic solutions are difficult to evaluate with limited volumes and long distances. It is also difficult to determine which marketing channels to utilize or measure if they are appropriate. Finally, local legislation changes quickly and often requires rapid adaptation.

Germany: In Germany there are many regulations for local production so training and handbooks could help to get an overview of proper procedures to cover EU health and safety regulations.

Latvia: The most important challenges in Latvia were the lack of skilled employees and product differentiation.

Poland: Developing and updating skilled employees while trying to minimize production costs were challenges identified in Poland. They also indicated the lack of consistency in supply from one year to the next as farmers change their products.

Sweden: Within Sweden all stakeholders recognized a need for investments and expanding operations however investments are carefully evaluated and cautiously implemented.

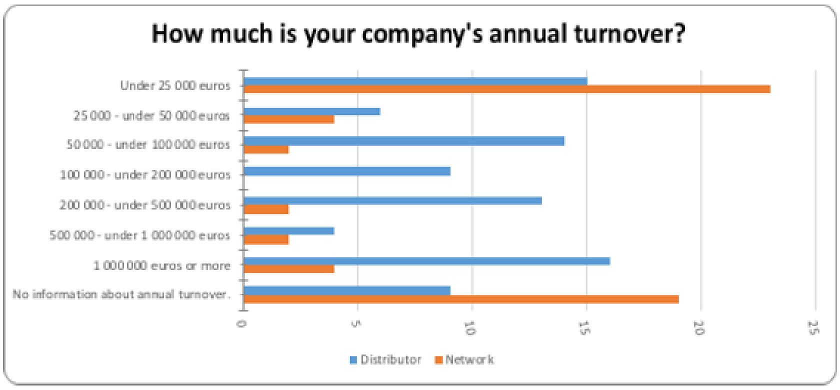
Norway: Cost of production and distribution is the biggest challenge in selling local foods. In addition, there are surcharges at all stages of production which results in a costly market price.

Russia: Higher cost of production and transportation services are great challenges for deciding competitive prices for local food products in Russia. Other challenges mentioned are lack of infrastructural, financial, and human resources.

3.6 Topic 6: Demographics

One of the key areas covered under demographics is the company's annual turnover. This simple question shows the range of financial resources available to invest in these future business models.

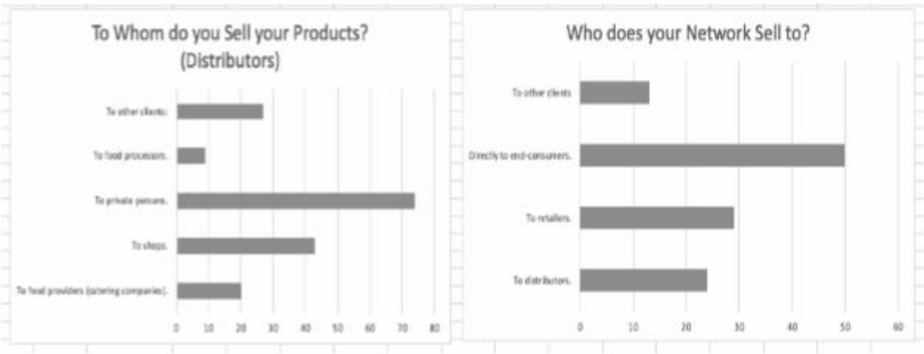
Image 2. Distributor's & network's Annual Turnover representation



According to the surveys, 86 distributors responded, and 18.6% had an annual turnover more than 1 000 000 euros, while 17.44% had less than 25 000 euros turnover. Distributors sell most of the products to (87%) private persons and to shops (51%).

Of the 56 networks respondents, 41% had turnover less than 25 000 euros and 33.94% did not disclose turnover information. Networks sold 81% of their products directly to customers and 47% were retail customers. Some networks may not be directly involved in the revenue stream as they provide coordination or communications functions.

Image 3. Distributor's & network's customer network



According to the surveys the majority of the local food sales are direct via the business to customer markets and the business to business market is currently less developed.

4 Conclusions

In conclusion from the study, the business models must address the different requirements of the four main stakeholders; Producers, Distributors, Networks and Restaurant/Canteen owners (consumers). When pulling together all of the findings from 10 unique countries, we find that there are in fact many common issues and the potential for approaches that can work across the board. Despite this fact there are local differences that need to be taken into account, therefore any developed solutions must be adaptable to fit the individual needs or stakeholders over time. Overwhelmingly we see that the findings point towards a centralized solution, some form of E-Platform that is easily adaptable, combined with central distributions hubs. This need for an electronic platform is clear from all of the stakeholders.

Before buyers and producers become connected and orders are placed on this platform, awareness and demand for local food must also be in place. The research highlighted the need for a clear marketing strategy, one that is orientated towards storytelling and creates a well-defined brand, one that is consistent and pushes the benefits of local food. In the future challenges theme, many stakeholders mentioned the lack of consumer awareness of local foods and the potential of governmental support in promoting this area. Communications and marketing are necessary for a sustainable and viable business platform to flourish.

Communications: Currently, social media and word of mouth are predominant methods used for marketing, largely due to the simplicity of these methods and their non-existing price tag. These are useful means of communications and creating opportunistic sales but have their limitations. Producers themselves appear to lack both time and experience in marketing their products. Training is required and resources that can be utilized by all stakeholders, potentially the creation of a recognizable local brand that can be used within restaurants and canteens, in this way consumers can expect a specific local standard. This is not exclusively about raising awareness, but it also validates the higher costs of these products to consumers. The majority of stakeholders spoke of the pricing of local products relying heavily on the story behind the product being communicated efficiently. Time and time again we see the that the story behind the products justifies the price that consumers are willing to pay. This underlines the necessity of conveying the story behind the product, as well as raising regional awareness of available products. It is important for producers to have methods for carrying out consumer research, since different regions show preferences for different qualities, i.e. 'Organic' as a label over 'Local' or vice versa. Rather than creating marketing material for blanket use across all countries.

Orders: Initially chefs and caterers alike are concerned with the quality of the goods they purchase, they express a need to know about the way a producer operates. They need detailed information about products and direct communication guarantees this, however it can become time consuming and difficult to find producers in the area. An E-Platform solution that provides features such as user profiles can solve this issue, for example the MECK-SCHWEIZER solution from Germany contains detailed information about specific farmers including their business philosophies, location and variety of products. It is important that any E-Platform solution contains enough detail about available products, perhaps the ability to filter searches by location and qualities such as fat content of meats or ripeness of fruits. To further support the direct communication preferred by chefs, the platform could contain features for direct messaging or calling. In this way it could serve as a collection of producers that buyers can browse and contact for further information.

Time and efficiency understood through logistics: Something that has come up as a concern from the interview/focus group discussions is the time constraints experienced by both buyers and producers, a collective E-Platform can be a significant tool for alleviating this issue. A solution that allows buyers to purchase goods from several different local producers yet receive just one invoice can significantly reduce time and costs spent with paperwork.

Even though there is a preference for more conventional means for end users such as chefs to have a more personal contact with the source of their produce, it is still possible to incorporate conventional means of contact and still utilize a new E-Platform. An E-Platform would allow for a wider selection range, real time stock updates and additional necessary info that can be maintained by the producer to better market themselves. By centralizing and collecting produce in a hub, end consumers/users can physically or electronically preview produce. In addition, for more information, the producer can be contacted for certain details about their produce. The distribution hubs then would eliminate most if not all the logistic concerns such as the lack of infrastructure, human resources and distance. A centralized hub from which products can be distributed, can combine distribution services and resources in a way that can reduce the lack of infrastructure challenges experienced by networks and distributors. Simultaneously, it would allow for greater collaboration between producers and enable a more efficient use of resources.

Regulations: Barriers to implementing a solution of this kind exist and must be addressed during the business model formulation phase. Governmental regulations are a concern for several stakeholders. Regulations concerning food safety and EU labelling of products may be fairly consistent across the 10 countries, clear instructions should be developed so that producers can comply with relative ease. Finnish producers raised issues with using E-Platforms for sales, as alcoholic beverages are prohibited from online sales. In this case, producers could hold a profile with product descriptions. Danish networks mentioned regulations preventing public funded food networks running a commercial business, this makes a central hub that requires large investments a challenge.

Consistent Supply: Inconsistent supply and insufficient selection of products prevents chefs in 5 of the interviewed countries relying completely on local food suppliers, part of this issue may be lack of knowledge or awareness of what is available, an E-Platform that provides a combined search of all local producers could alleviate part of this barrier. Alternatively, chefs and local producers could collaborate, and pre-order produce based on their needs.

Appropriate Transportation: Products requiring special transportation or packaging can present significant barriers. For example, produce that needs refrigerated trucks for transportation or produce that cannot be transported together such as raw meat, mouldy cheeses and fish. What becomes clear from this is that there are a wide range of products and they all need unique packaging and handling procedures; therefore, the business model must take this into account and provide solutions that can be utilized across all product categories.

Although a centralized hub is somewhat scalable, for regions with very low density it may not be a credible solution. An alternative solution whereby producers and buyers coordinate supply may be more appropriate for areas with low demand/density of producers. In this situation an E-Platform could be utilized as a database containing information about producers within specific areas.

Event Marketing: Meetups, fairs, and events could potentially be organized by local networks. The research made it clear that many producers and consumers feel face to face contact of this kind is an important factor to preserve. Well-developed personal relationships result in trust and improved quality. This is something that must be taken into consideration through the business model development. Potentially providing methods for direct communications between stakeholders within the E-Platform or simply providing contact details.

Linking Business to Business and Business to Consumer issues to avoid parallel systems: The research highlighted the fact that the majority of stakeholders operate in both a B2C and B2B environment. The business models whether they involve E-Platforms or not must consider this aspect and create a solution that works for both channels within the same platform.

Discussion: The issues around how to structure the business models to be developed have to do with how the relationships are decided between the stakeholders and whom does business with whom. There is not a correct answer here. Although, systematic piloting between the different possible approaches would allow for comparison of when one type of solution could work. There is a need to identify what is being traded between one type of solution, in this context, or why this approach does not work with these constraints. By thinking about the business models as elements in a systematic grid, adjustments can be made, or elements modified over time as one stakeholder or group of stakeholders adjust their roles or practices.

4.1 Key Recommendations

After evaluating each country report, we have come up with few major recommendations for consideration before/while building a business model. These recommended solutions are further divided into possible small solutions/features and then mapped along with key themes and key stakeholders identified for the project.

These recommendations are:

End-to-End E-Platform Development: End-to-End E-Platform can consist of centralized database for sharing information of all certified producers, order handling B2C, personalized order handling for B2B customers, payment channel, customer relationship management etc. The E-Platform can be developed step by step by prioritizing requirements. This E-Platform can also be further linked with the distribution channel for automated inventory updates.

Distribution & logistics channel: This recommendation is divided into two types. Depending on requirements and feasibility study, centralized distribution hub with scattered storage hubs can be created and the central hub will take care of the direct delivery to customers by locating the nearest storage house and availability of the product. Another approach towards logistics can be, one gathering point can be decided from where customers can collect their products as well as to where producers can deliver their products.

Educating customers: Many of the country reports have highlighted that the customer needs more education to understand the importance of local and organic food. These educational / awareness programs can be designed after proper customer segmentations.

Training for producers: It should be easy enough to trace back the product to its producers. It is necessary to know the origin of the product and also important if the consumer wants to return the product. That is why many countries have opted for internal or EU labelling and packaging standards. Many B2B consumers have identified that the product has arrived without standard labels. This is due to producers not having a clear enough understanding of how the labelling and packaging standards are to be followed. This can be resolved with proper and timely training to producers.

Organized farming or pre-ordering: One of the greatest challenge raised throughout geography is the inconsistent product volume or supply. Organized farming and pre-ordering can be piloted and tested on smaller regions to minimize the impact of such issues. In organized farming, some region can be selected and based on anticipated requirements, farmers can cultivate different products across region. That will provide predictable supply of a particular product. By providing pre-ordering facility, farmers can cultivate different products throughout region. As the production quality & quantity is based on many other factors like environment, the piloting can be done on smaller regions.

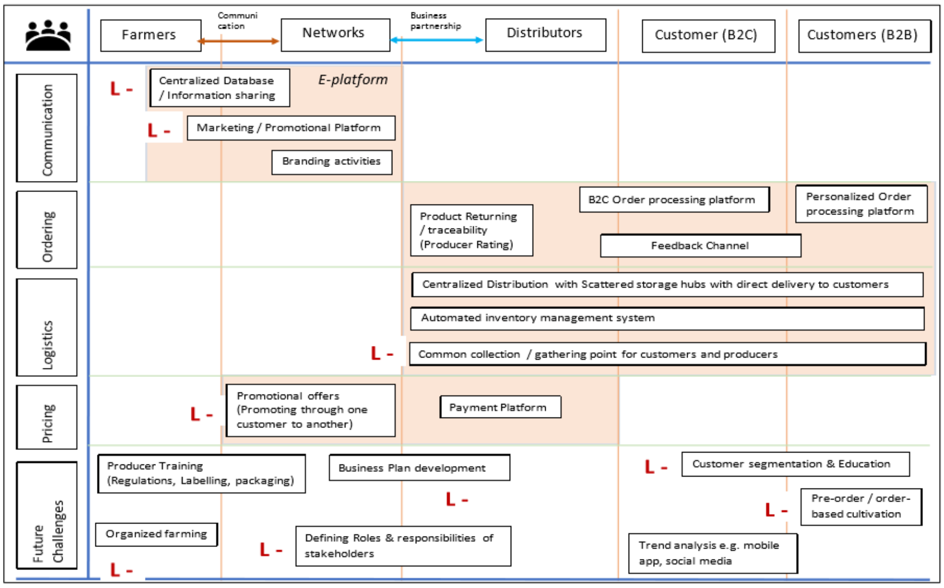
Developing a proper business plan & Stakeholders alignment: It is observed that there is no proper alignment of roles and responsibilities among networks and distributors. Both the stakeholders are responsible for information sharing till product delivery, marketing till order processing etc. While survey data also represents that Networks mostly consists of farmers and they are more focused into marketing and information sharing. While distributors have more turnover, enough storage spaces and most are satisfied with delivery chains.

Hence, it is recommended that it will be more beneficial if networks and distributors can have different and distinguished roles to play. As most of the network members are farmers, they can take care of marketing, branding and information sharing of local products. They can communicate with farmers to gather all the information, to provide required training for packaging & labelling etc. Distributors can take care of order processing with distribution and logistics.

These recommendations are represented through a pictorial map format in Annexures (Annexure A to J) for each country. The map is designed based on developed understanding of major issues mentioned in each country report. The basic recommendations for each individual country are marked with country initials.

The purpose of these images it to provide a quick look at the issues for each of the countries so that they can be compared when we start to look at creating the value proposition in the canvases in the next phase of the BSF project. Because each country has similar and different constraints, we felt that images would help provide a shorthand of the data for building up the business models.

Annexure A: Latvia



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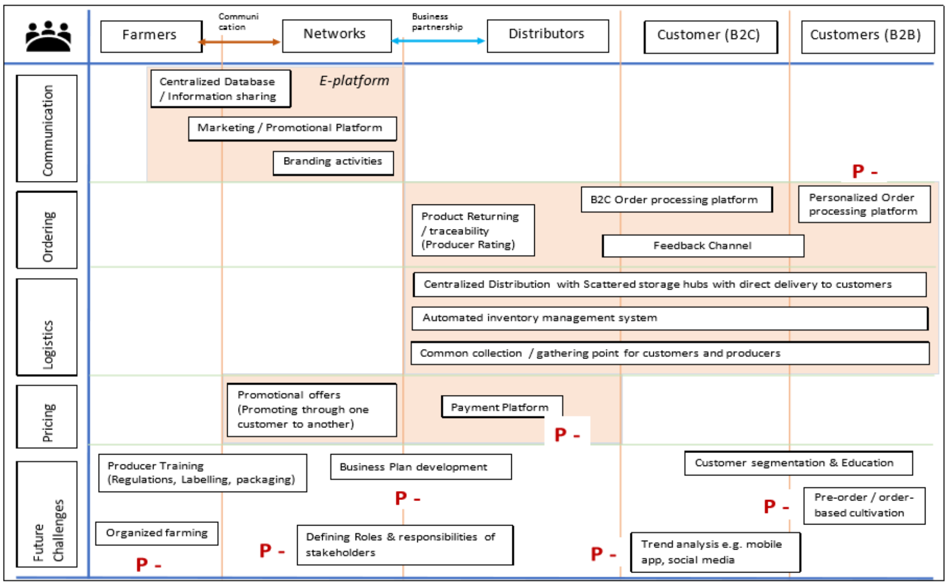
Annexure B: Poland



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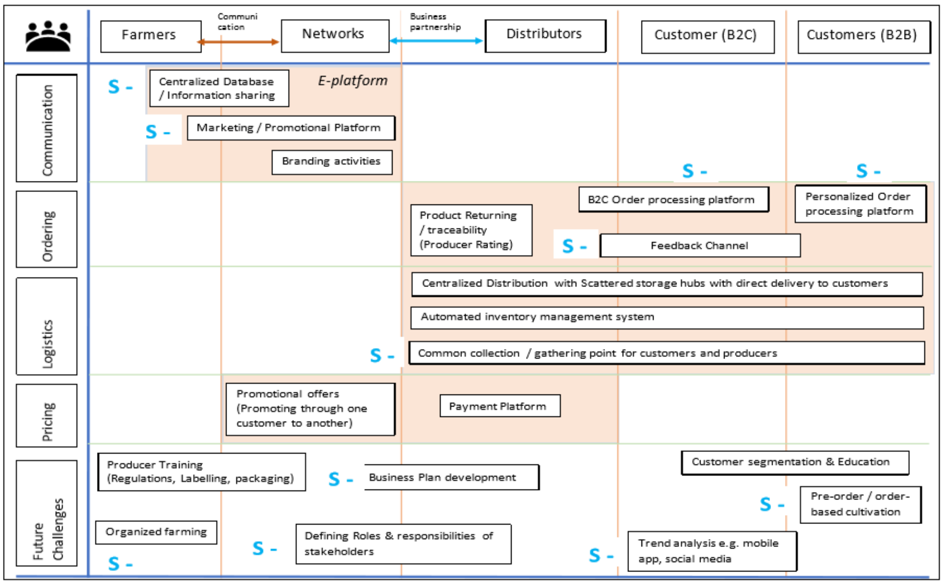
Annexure C: Sweden



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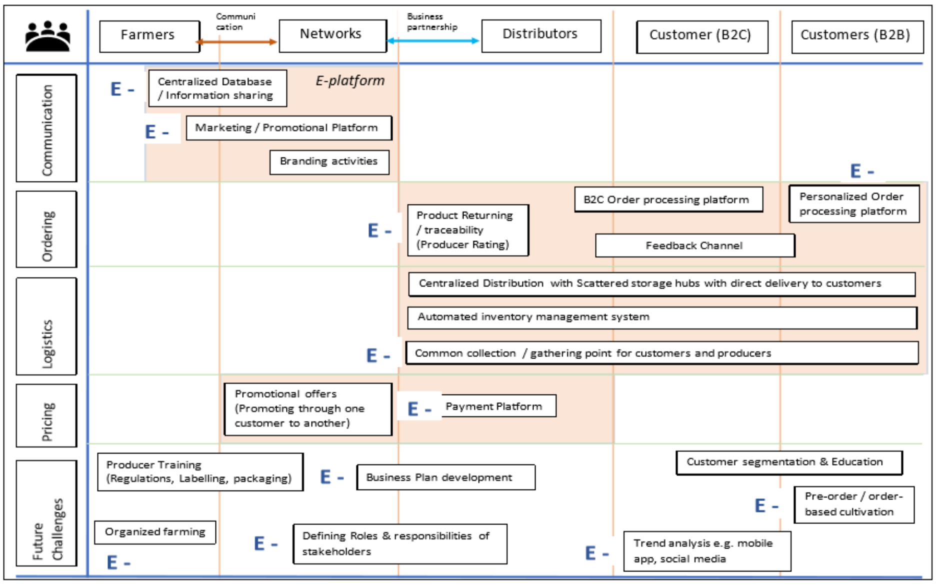
Annexure D: Estonia



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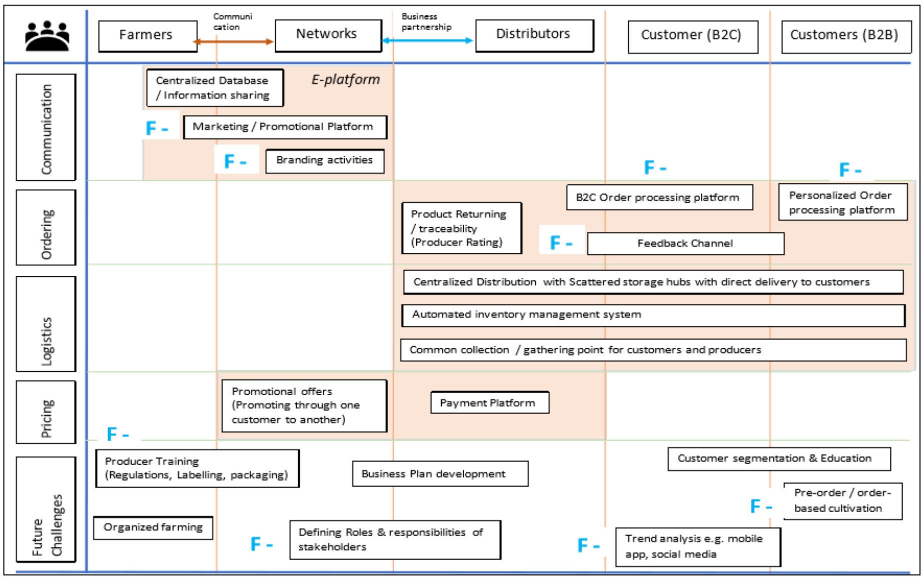
Annexure E: Finland



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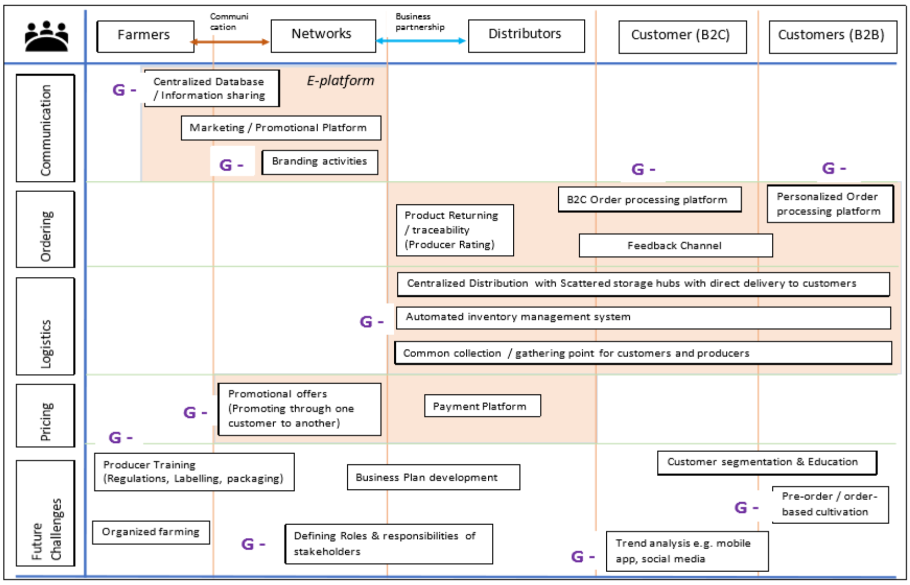
Annexure F: Germany



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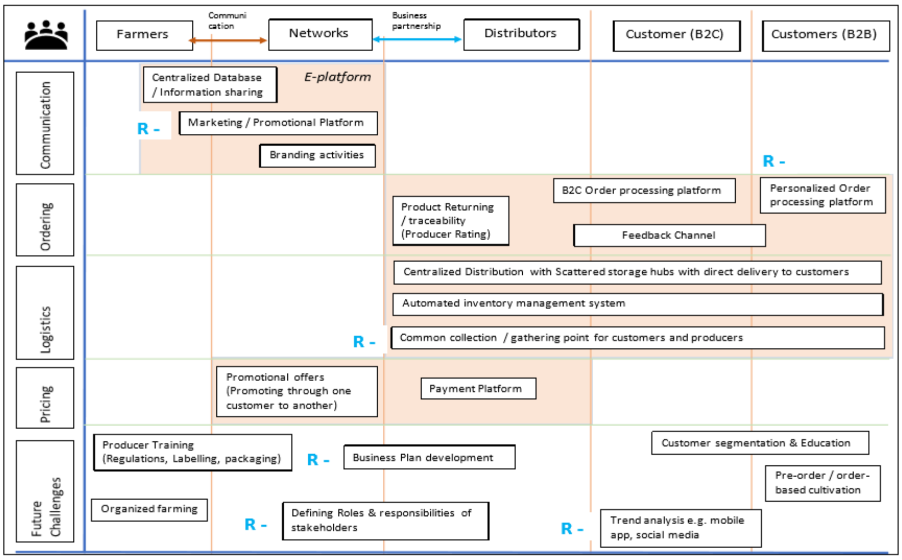
Annexure G: Russia



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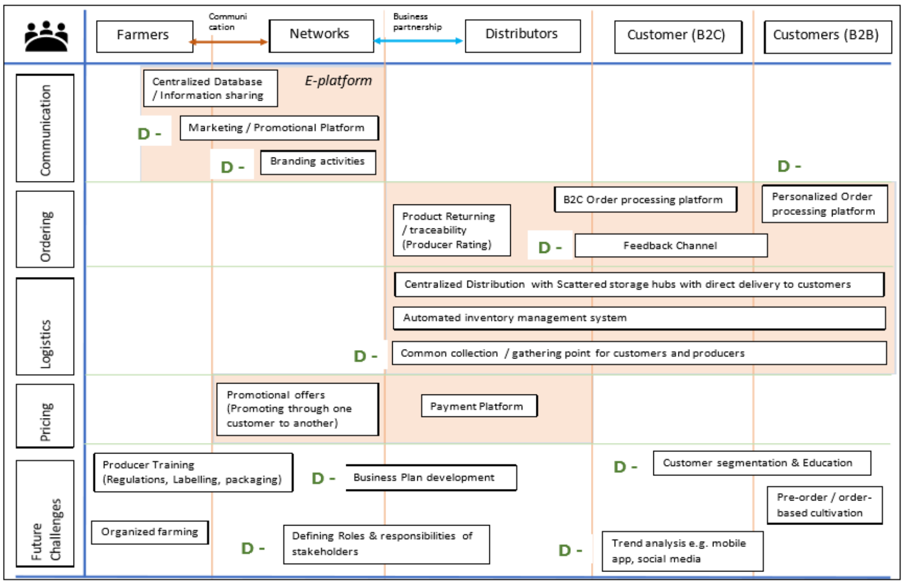
Annexure H: Denmark



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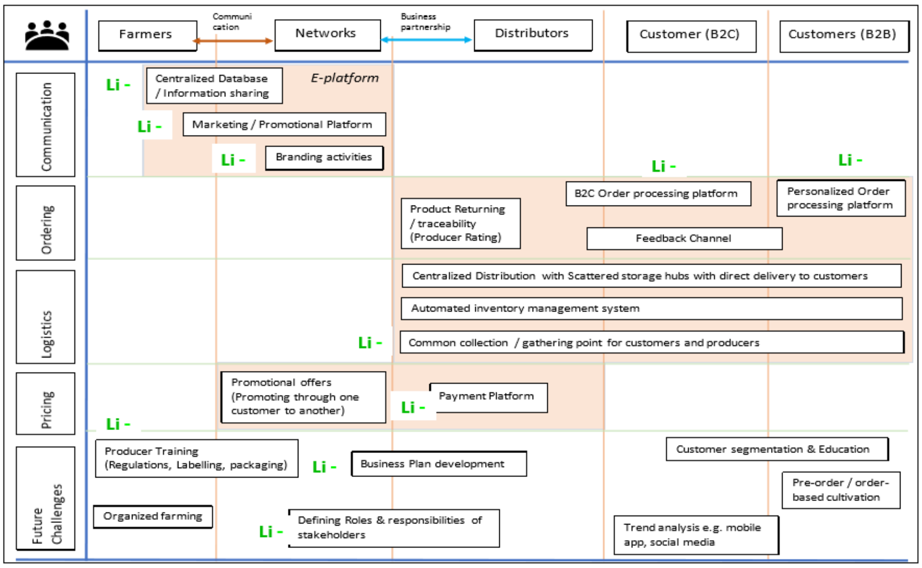
Annexure I: Lithuania



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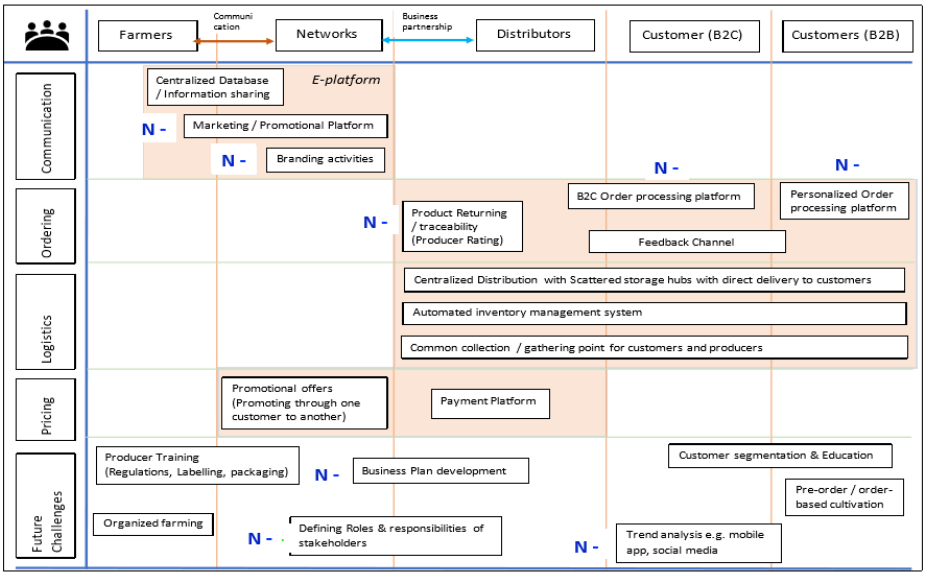
Annexure J: Norway



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7.2 Appendix 2: German Country Report

Interreg
Baltic Sea Region
EUROPEAN UNION
EUROPEAN REGIONAL DEVELOPMENT FUND

Baltic Sea Food

BALTIC SEA FOOD INITIAL REPORT

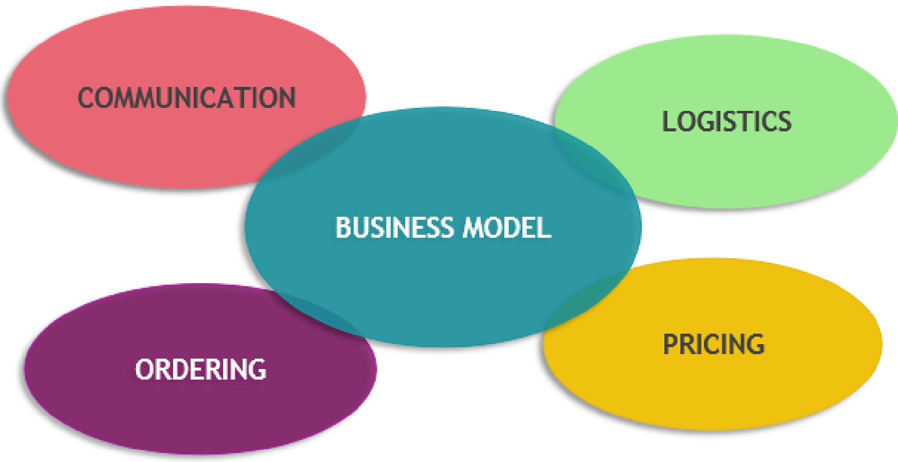
COUNTRY PROFILE

[Germany / Mecklenburg-Vorpommern Tourist Board]

1 Country Overview/Introduction

In Mecklenburg-Vorpommern there are many producers of local food. They produce vegetables, fruits, honey, jam, beef, pork, sheep, poultry, beer, liqueur and other tasty products. In the last years, the Mecklenburg-Vorpommern Tourist Board has been working with them in order to help them getting more professional. It has turned out that most of the producers work individually on their own. They produce the products and sell them in their own farm shops or on markets to end consumers. There exist nearly no networks – neither between the producers nor between producers, logistics or general on B2B level. Consequently, the use of local products in restaurants, village shops, kindergartens and other institutions is very limited. Another reason for this situation is that the chefs in the restaurants are rather lazy and prefer the easy way of buying their raw products from the grocery stores. They are not ready to investigate into finding out which farms produce which products and how they can get them.

The initiation of networks on B2B level and the development of a sustainable business model with recommendations for aspects such as communication, logistics, ordering and pricing will help to improve the situation and give producers a better opportunity to sell their products to other clients than only end consumers. It gives restaurants and other business clients the chance to use more regional products in their companies.



2 Methodology

2.1 Survey:

After identifying existing local food networks in Mecklenburg-Vorpommern and analysing them shortly, ten of them were visited in February and March 2018 carrying out individual face-to-face-interviews. For that, the project survey questionnaire for local food networks was used in order to ensure joint methodology. However, the advantage of this approach was that justifications and background information could be asked right away. Furthermore, the project manager got the chance to get to know the local food networks. This makes it easier to integrate those within the Baltic Sea Food project.

The information about the distributor survey and invitation to take part was sent via email to approximately 800 potential distributors that deal with local products in Mecklenburg-Vorpommern on 16th February 2018. A reminder was allocated to the same people on 14th March 2018. In the end, 57 companies participated in the distributor survey.

2.2 Focus group meeting:

In addition to the surveys, one focus group meeting was accomplished in Gessin (Mecklenburg-Vorpommern) on 26th April 2018 in order to raise discussion and to gather as many qualitative answers as possible from different stakeholders involved in such a food network. For that, the local food network MECK-SCHWEIZER was chosen since it is the pilot region for Mecklenburg-Vorpommern in the project. Furthermore, it is a network with good experience in this field and very willing to share main obstacles, challenges as well as knowledge with other initiatives. For the focus group meeting, seven different stakeholders were invited via telephone and email. Every one of them indeed participated in the event on 26th April 2018.

- Mrs. Wollenberg as a representative of the local food network MECK-SCHWEIZER (local food network)
- Mr. Kleist as a representative of the logistics service of MECK-SCHWEIZER (distributor)
- Mr. Kampe – owner of a vegetable farm, selling products through the e-platform of MECK-SCHWEIZER (farmer)
- Mr. Hatscher – owner of a bakery, buying and selling products through the e-platform of MECK-SCHWEIZER (producer and local business)
- Mr. Thies – marketing manager of the hotel and restaurant "Hotel Amsee", buying products through the e-platform of MECK-SCHWEIZER (local business)
- Mrs. Seemann-Pietsch – owner of a farm shop, buying products through the e-platform of MECK-SCHWEIZER (local business)

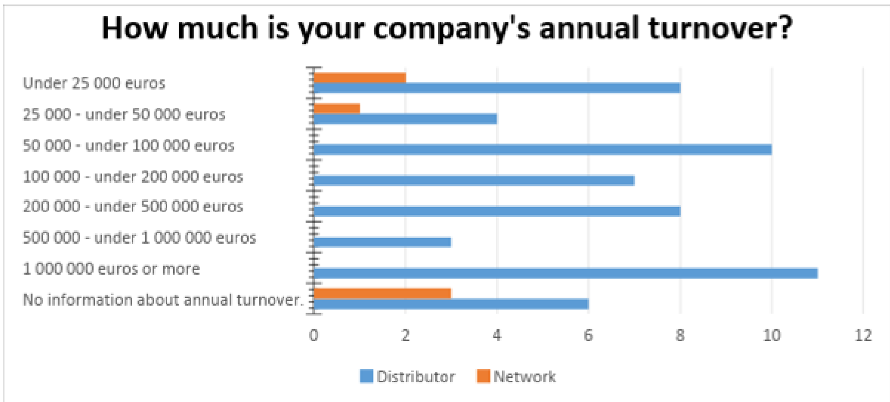
- Mr. Hantel, owner of two farms and a farm shop, buying and selling products through the e-platform of MECK-SCHWEIZER (farmer and local business)

There were pre-defined questions that were asked to all participants. These answers resulted in an active discussion that provided even more background information. The focus group meeting was moderated and analysed by Sandra Hippauf, who is the manager of the project "Baltic Sea Food" in Mecklenburg-Vorpommern.

3 Demographics

When looking at the demographic aspects, the majority (92.31%) of the local food networks in Mecklenburg-Vorpommern are organized in a formal way as a farmers cooperative, registered association, etc. Almost half of them have 11 to 30 members. However, there are also some bigger networks with 31 to 50 and some with more than 50 members (each 23.08%). Within the networks, local food products are primarily bought from a maximum of ten producers or farmers. About 84.62% sell these products directly to end consumers, but also to distributors (76.92%) or retailers (53.85%).

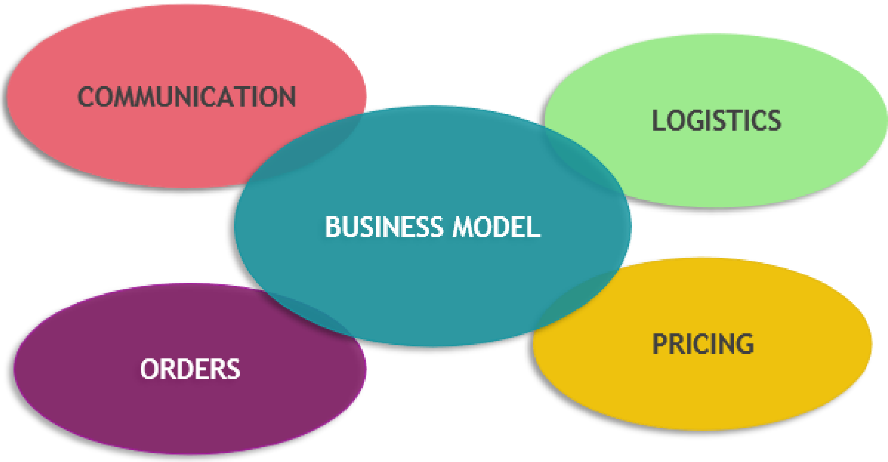
Concerning the age of the networks, half of them (46.15%) are very young (under three years). This may also be the reason why most of the networks have not shared any information on their annual turnover since the logistics and selling part are not developed yet and the networks generate no returns. Most of the networks are rather a coalition of partners sharing knowledge and organizing marketing and promotion activities, but not actively selling products.



The responding 57 distributors mainly have more than 50 clients. Similar to the local food networks, regional products are mainly acquired by not more than ten producers or farmers. The reasons for that might be that people often do not know where to find local producers or farmers in their region or that in some places of Mecklenburg-Vorpommern the density of local producers is very low.

Consequently, an overview of local producers for different regions would be very helpful. 96.43% of the distributors stated that they sell their products to private persons. Food providers (21.43%), shops (55.36%) or food processors (8.93%) do not play such a significant role yet. Again, this result shows that the B2B distribution model in Mecklenburg-Vorpommern is not that common yet.

4 Findings within Key topic areas



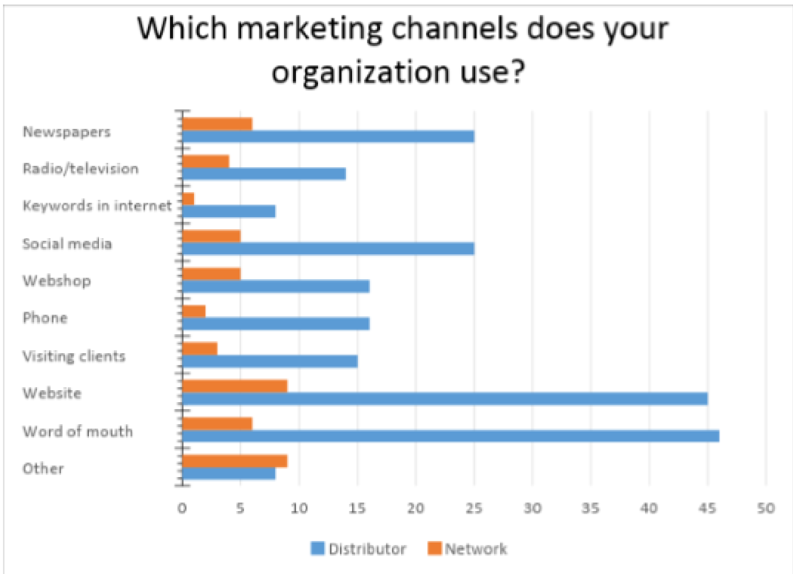
4.1 Topic 1: Communication

4.1.1 Survey responses

In the field of communication, the surveys have clearly shown that e-platforms or other IT-solutions are more common among networks than among distributors. 46.15% of the networks and 23.21% of the distributors do use it. The reason for that might be that there are not enough platforms available or that the distributors do not see the relevance of them since the personal contact via telephone or face-to-face still plays a very important role in their business life.

The main purpose of using an e-platform or other IT-solution is to make orders. In addition, the handling of payments and the exchange of information about available products are common. It shows that platforms should fulfil many different functions.

Among distributors as well as local food networks the most common marketing channels are word of mouth, the website, newspapers and social media. Consequently, these businesses and institutions need to focus different ways of attaining clients nowadays – from traditional tools to new media.



4.1.2 Interview Findings

Farmers/Producers: The e-platform of MECK-SCHWEIZER enables companies to sell their products in an easy way to other businesses. In this regard, it is the only B2B-solution in Mecklenburg-Vorpommern. It enables to focus new distribution channels.

However, many businesses still communicate or make an order via telephone, email, fax or face-to-face so that the personal contact still plays a very important role. An e-platform can help, but is not the only solution. With regard to the e-platform it can be said, that it is a big advantage for farmers to insert every amount of their products and that the number is automatically counted backwards. The system only shows the number of products that are indeed available. Farmers do not have to update the information continually.

Local Network: The local food network MECK-SCHWEIZER has to bring together producers and businesses more intensely. Even though a platform is very helpful for selling and buying products, all the companies, that are part of the network, should know about each other. That is why the network plans to invite producers and buyers to a meeting within the next months where they become familiar with each other.

The local food network MECK-SCHWEIZER does not use any marketing channels yet. Especially during the focus group meeting, the network realized that it has to talk more about its service and the e-platform since not enough people know about it. Marketing is beneficial. Therefore, different marketing channels will be focused in the future.

At the moment, there are not enough local businesses that buy through the e-platform of MECK-SCHWEIZER. This is attributable to the fact that people are too lazy to publish their products in the platform or that there are not enough human resources available who can do that. That is why the e-platform has to be as simple as possible. The MECK-SCHWEIZER try to arrange personal meetings to encourage people and to help them with publishing their products in the e-platform. Another reason is that businesses are scared of high prices when buying through the system. Again, it is very important to make the e-platform more popular and to raise the level of awareness with the help of different marketing channels and flagship projects.

Local Businesses: The platform saves time because many different products can be ordered at the same time. The advantage of the system is that there is a clear description of every product so that a restaurant or shop exactly knows where it is from, what is inside, etc. However, these information should be even more detailed, e.g. the chef wants to know what the carrots can exactly be used for.

For businesses, it is important to know the face behind the farmer/producer. For instance, what helps businesses is to read about the farmer's philosophy – this is a service offered in the e-platform of the MECK-SCHWEIZER.

Local businesses also stated that the e-platform needs to expand its product range in order to make it more attractive for companies to buy through the system. Currently, there are not enough products published.

4.2 Topic 2: Ordering

4.2.1 Survey responses

Regarding the ordering process of distributors, the personal contact plays a big role. Orders are mostly handled by direct selling, email, telephone and in person (each more than 60%). Email, telephone and direct selling are also the most preferred ways to receive orders. Webshops however are not used very often. When it comes to agreements about quality standards, it can be concluded that 48.08% of distributors practice these in their business life. This number almost applies to the networks as well, where around 54% have agreements about quality standards with producers and farmers.

When looking deeper into the results of the local food networks a greater variety of the usage of ordering channels is observed. Mainly all channels play an important role when handling orders (phone 78%, email 78%, webshop 67%, direct selling 67%, in person 67%). The only exception are mobile apps that are only relevant for 11% of the networks. More than 80% of the networks want to have a webshop; all other channels do not have such a high level of importance (each less than 35%).

4.2.2 Interview Findings

For the ordering process, many learnings from the communication part can be adapted (please see 4.1.2 Interview findings).

Farmers/Producers: It is easier to sell products through an e-platform. When ordering via telephone or face-to-face sometimes a lot of misunderstandings appear (wrong product, wrong amount, etc.). An e-platform helps to reduce these mistakes. Even though the ordering via e-mail, fax or telephone is still very popular, the awareness of using an electronic system needs to be raised. People have to learn that it saves time and facilitates business life.

Local Network: There are not many orders at the moment because local businesses are very reserved in buying through the system. Again, it is important to integrate more products in the system to make it more attractive and to motivate local businesses by showing the advantages of the e-platform. The aim of the network is to develop leaflets, flags or labels for the entrance of the companies and to produce table displays for the buffet in restaurants, so that businesses that buy local products from the e-platform can be better identified as a "MECK-SCHWEIZER". The customer recognizes the brand again and again. This approach might encourage other companies to become part of the network as well.

There are no concrete food standards in the network right now. It is planned to develop these at a later stage to guarantee food safety and quality for everyone.

Local Businesses: A big advantage of the e-platform MECK-SCHWEIZER is that companies only get one invoice even though they bought products from many different farmers and producers through the system. This avoids high bureaucratic efforts.

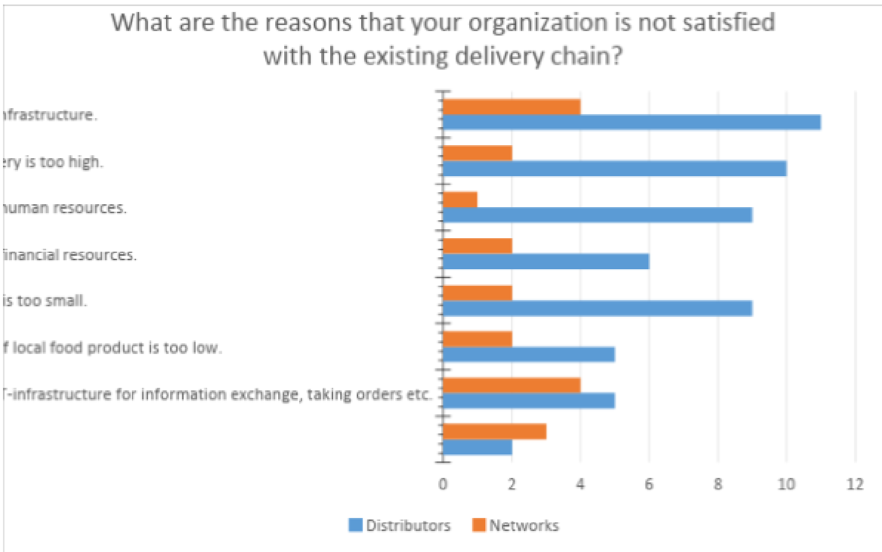
Specific quality criteria are not needed necessarily since local businesses often know about the good quality of the products due to long-lasting business relationships. For new products, the producer's philosophy illustrated in the e-platform or personal meetings help to grow confidence. These approaches are more convincing than set quality criteria.

4.3 Topic 3: Logistics

4.3.1 Survey responses

In terms of logistics, a sole business-to-business solution is not widespread in Mecklenburg-Vorpommern. This finding reflects the general situation of the local food producers in Mecklenburg-Vorpommern as already mentioned in the introduction part. Among networks, 16.67% have a business-to-business model, 25% a business-to-customer model and more than half of them do use both models at the same time. 1.79% of the distributors apply a business-to-business solution, followed by 41.07% with a business-to-customer solution and 57.14% with both solutions.

The reasons why distributors are not satisfied with the existing delivery chain include an insufficient infrastructure, too high delivery costs, not enough human resources or a small market area. For local food networks the insufficient infrastructure for information exchange and taking orders is very unsatisfying. When remembering the fact that "more than 80% of the networks want to have a webshop" (cf. Topic 2: Ordering), the importance of developing a central e-platform solution for Mecklenburg-Vorpommern is clearly highlighted once more.



4.3.2 Interview Findings

Farmers/Producers: The logistics is the most complicated and cost-intensive part when selling local products to other businesses. For that reason, farmers and producers are very pleased to have a logistics solution in the network.

Distributor: The buying local business can decide whether the products are sent by mail, if the products are self-collected or if the logistics service of the MECK-SCHWEIZER is responsible for the distribution. A wide range of possibilities makes the system more attractive for different kinds of companies and their needs. The logistics service owns two refrigerated e-cars that use solar power. Both cars are collecting and distributing products at the same time on fixed daily routes so that no storage space is needed and that the capacities are fully utilized. However, sometimes it is very difficult to transport different goods in one car at the same point of time (e.g. fish, mould cheese and salad have to be packed separately). It is a long learning process and experiences from other networks and distributors are very essential.

Goods can always be traced back to the specific farmer since a product label and an European Article Number are required. However, many producers still forget about that – that is why different trainings are very important to reach a high level of professionalism.

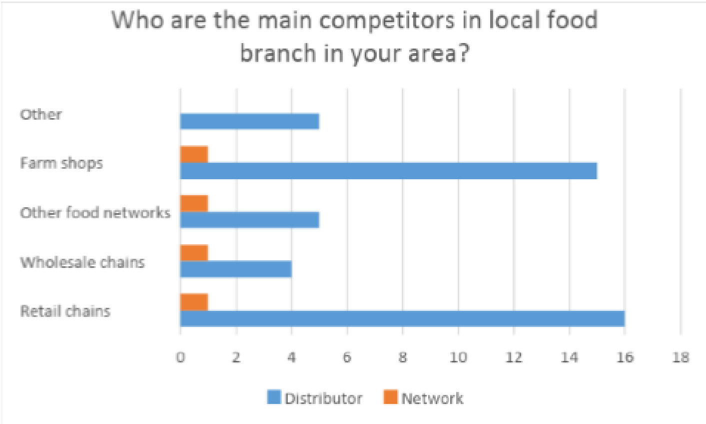
Local Businesses: Many companies believe that it is better to collect their products from different farmers or producers on their own. They totally forget about their one staff costs. There is a high need for information to point out this misconception.

4.4 Topic 4: Pricing/Profit Margins

4.4.1 Survey responses

At the distributor's side, most of the payments are handled by cash (92.98%), by invoices (80.7%) and by bank cards (52.63%). Credit cards (24.56%) and online-payments (29.82%) are not so relevant – either the technical infrastructure is not sufficient in the rural areas of Mecklenburg-Vorpommern or people do not want to use these payment methods due to safety concerns. In this context, networks are a bit more "modern": online-payments add up to 71.43%, followed by invoices with 71.43%, bank cards (57.14%) and cash (57.14%). Only credit cards are not that relevant either.

44.64% of the distributors believe that they have strong competitors in the local food branch in Mecklenburg-Vorpommern. These primarily include retail chains and farm shops. When talking to the local food networks the competition situation was not rated as very severe since every initiative has more or less its one market area and since there are not too many farm shops, retail chains and wholesale chains settled in the rural areas of Mecklenburg-Vorpommern.



More than 35% of the distributors believe that the price of local food products are suitable. In comparison to that, the majority of the local food networks stated that the price does not cover the costs of producing locally and supplying products. In the end, the revenue is often too low. Due to high efforts in transport and logistics, a higher price margin is often needed when a food network sells regional products. This might be the reason why prices sometimes do not cover costs. Therefore, it is important to show cost-effective transport and distribution ways when developing the business model.

4.4.2 Interview Findings

Farmers/Producers: Unfortunately, in rural areas the purchasing power is very low. In order to reach a higher number of customers, who spend more money on food products, larger cities have to be addressed.

Local Network/Distributor: When companies buy their products through the system they have to pay ten percent to MECK-SCHWEIZER depending on the value of goods. Another ten percent become due for using the logistics service of MECK-SCHWEIZER. The network is happy with the price model at the moment. However, they are willing to adjust it when it becomes necessary.

Local Businesses: For local businesses there is a high level of competition in local food branch. Especially retail chains offer products with lower prices. In order to sell local products at a higher price, it is necessary to tell the story behind the product to make it more attractive for people to buy it. People have to appreciate the high quality – then they are willing to pay a higher price. Consequently, selling local products is a lot about storytelling. These stories need to be published in menu cards and told to customers when they do their shopping.

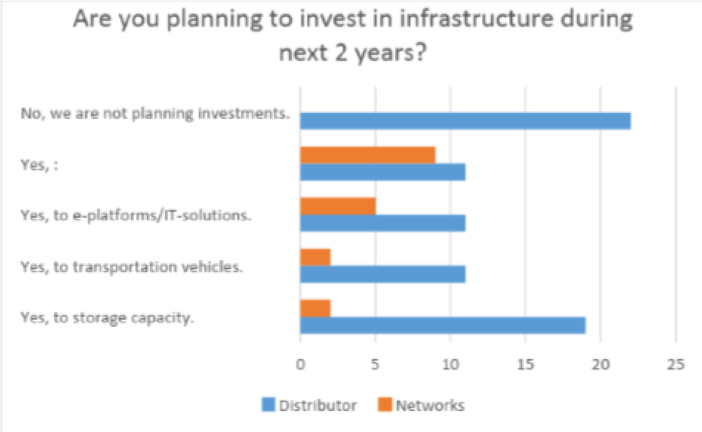
Local businesses stated that there is a need for price savings for collective orders. Otherwise the system becomes very unattractive for them when large amounts of products are purchased.

There has to be a balanced mix of a good quality and a good price. These are the most important factors when buying and selling local products.

4.5 Topic 5: Future Challenges

4.5.1 Survey responses

Whereby the investment plans of distributors are rather low, the local food networks seem to be very active in planning investments during the next two years. This fact results out of the very young structure of the local networks that exist in Mecklenburg-Vorpommern. Most of them have just started their business so that there are many plans in developing e-platforms, transportation vehicles or storage capacities in order to improve the working performance of them.



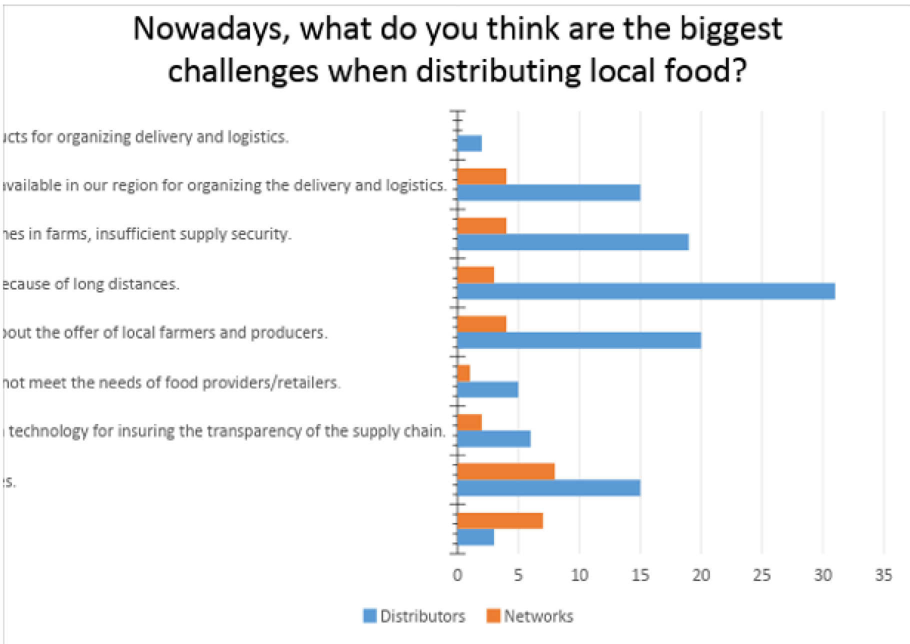
The major challenges when producing local food for distributors are the

1. Costs of production
2. Getting skilled employees or keep the skills of employees updated
3. Getting clients

The main challenges when producing local food for networks consist of:

1. Cooperation with other organizations/companies
2. Financial questions
3. Costs of production

When focusing the biggest challenges of distributing local food, for more than 60% of the distributors the high logistic costs form a huge problem. In addition, the missing information about the offer of local farmers as mentioned in this report before, too small production volumes in farms, an insufficient product range as well as difficulties in storage and transport issues are obstacles in building up a successful local food network.



4.5.2 Interview Findings

Future challenges that are being faced by suppliers, businesses, etc. have already been mentioned in this report before. Some more facts are listed in the following:

Farmers/Producers: There are very high regulations in producing locally. Trainings and handbooks help to get an overview of what is allowed to do and what is not allowed to do.

Local Network: It is very complicated to build up a food network that can survive without any state funds. It takes many years to make it work and to convince people to be part of it.

Local Businesses: Local businesses often need small amounts from the farmers – unfortunately some of them are not flexible in producing these small amounts since they have huge agricultural fields in Mecklenburg-Vorpommern.

The use of local products in restaurants highly depends on the commitment of the chef and the restaurant manager. Otherwise there is no chance to integrate regional food in the menus.

5 Conclusions

In Mecklenburg-Vorpommern most of the local food networks are very young and still in a growing phase. It is a starting process going on right now. For that reason, the development of a sustainable and successful business model is very important. The model and handbook should particularly focus the main obstacles and challenges that have been figured out in this survey. Concrete suggestions and best practices for different types of networks need to be developed. But also questions such as “How can you define “local” food?” or “Where do you get the information about local producers from?” play a very important role for German initiatives. However, the most significant point is that the model has to point out how a food network, that works in the long-term and that is financially independent, can be built up. Then the initiation of networks on B2B level will help to improve the situation and to give producers a better opportunity to sell their products to other clients than only end consumers.

7.3 Appendix 3: Norway Country Report

Baltic Sea Food

BALTIC SEA FOOD INITIAL REPORT

COUNTRY PROFILE

Norway, by HANEN

Table of Contents

1 Country Overview/Introduction

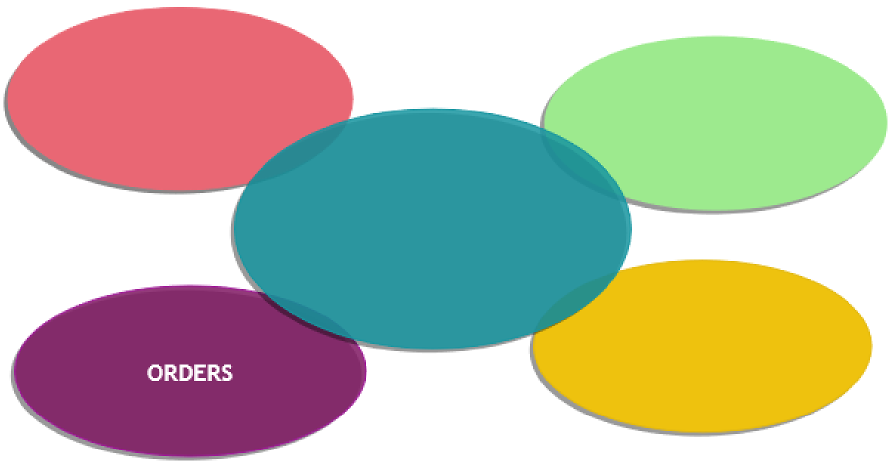
Tourism is one of the world's fastest growing industries. Increased globalisation leads to new opportunities for the Norwegian tourism industry to grow. It is not enough to offer only the travel and a bed any more. Both Norwegian and international tourists expect facilitated experiences when on vacation. Food in general is an important part of these expectations, and due to that, all kinds of food related activities and experiences are to be seen as an important factor for the tourism industry. The Norwegian government has there for compiled a strategy for developing Norway to become a tourist destination internationally known as a "Food Nation".

Norway has a long tradition for agriculture and is a rich country in regarding nature based resource, which is an important foundation for both settlement and industry development all over the country. It is a huge national potential for growth in the market for local food and drinks. There is an official ambition that the total sales from food and drink products shall increase from the current 3,5 billion NOK through grocery (sales numbers given in 2015), to 10 billion NOK in total from all the different sales channels by 2025.

Since 2015, the Ministry of Agriculture and Food has set focus towards an agricultural based tourism through a particular programme, which is set to contribute to increased growth and wealth creation. Through the last years the collected appropriation for this programme has been just below 100 billion NOK, divided into different areas within local food, tourism and other agricultural based industries.

In 2013, there was a national survey made by Ipsos MMI, which shows that 42 pct. of the consumers want to by Norwegian food specialities. Measurements of turnover from sales within local food, shows a growth of 53 pct. for the last 5 years. In other words, there is a huge interest and demand for local food.

The challenges within the industry are many; organization, cooperation, competence, profitability, professionalization and especially sales and marketing channels – all of these factors plays an important role in relation to local food as a focus area. To be able to find solid distribution channels is one of the crucial factors to achieve success in this industry. It is necessary to strengthen the cooperation and networking in order to offer competitive products, and, not least, get the products out in the market.



2 Methodology

2.1 Survey :

Regarding networks:
We made an overview of registered local food networks. The list showed a total of 15 networks. When the list was internally confirmed, we gathered the contact info for each network; name of the contact person, e-mail address and telephone number. In mid February, all of the 15 were contacted by e-mail, with information about the project and link to the survey. In spite of several reminders throughout February and early March, there were only 3 respondents to the survey.

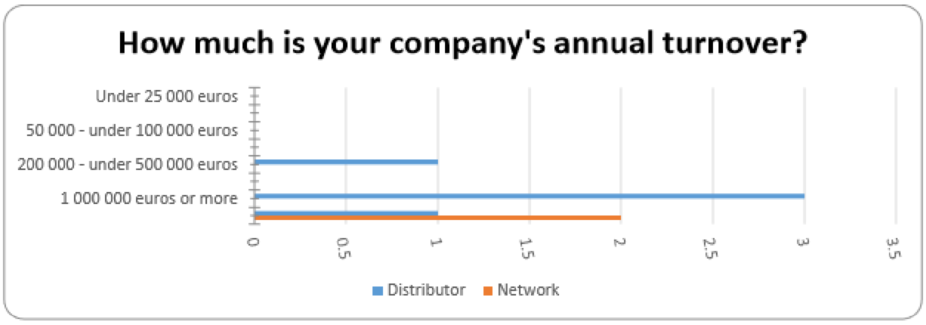
Regarding distributors:
we did a solid research, and found 18 applicable distributors. All of the 18 were contacted by e-mail in mid February, given information about the project and link to the survey. By mid March, there were 5 respondents to the survey.

2.2 Interviews/Focus groups:

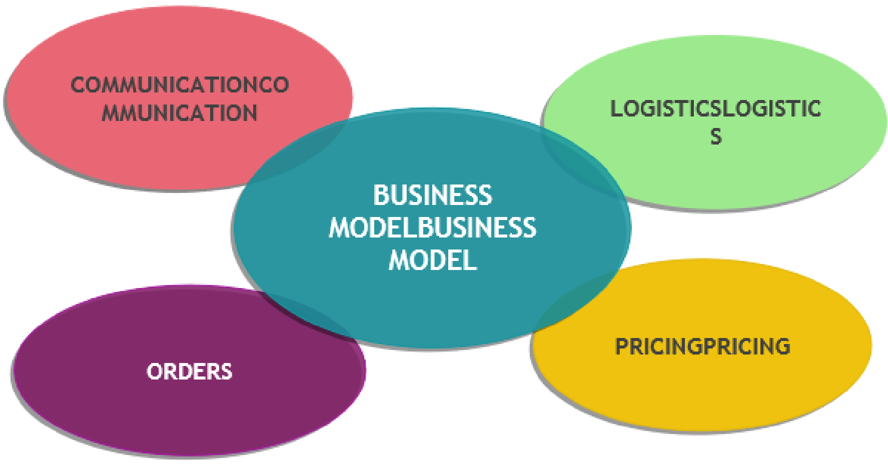
The respondents were selected on the basis on relevance and experience. We had 4 respondents, one from each group: farmer, distributor, local network, and local business.

The interviews were done one on one. All of them were done by telephone because of the distance and priority of time use.

3 Demographics



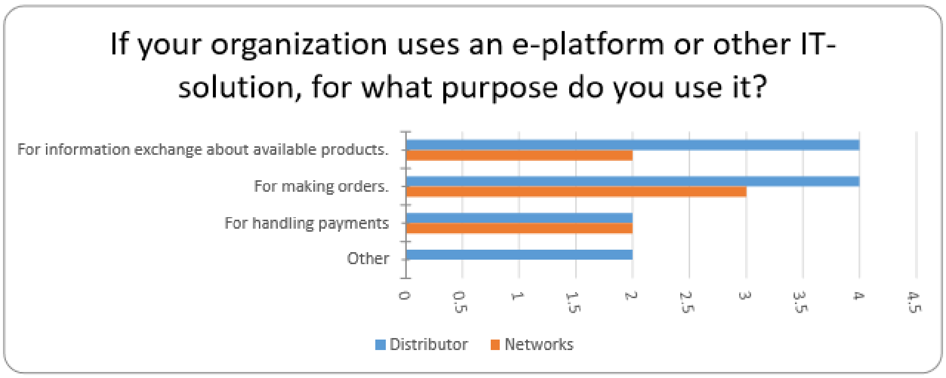
4 Findings within Key topic areas



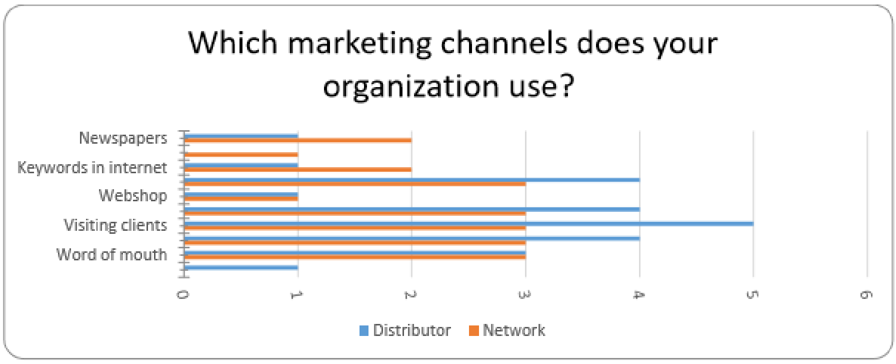
4.1 Topic 1: Communication

4.1.1 Survey responses

100% of both distributors and networks use IT-solutions.
Both groups use it mainly for making orders and exchanging information. The networks also use it for handling payments (68%).



The marketing channels most used is definitely visiting clients (both groups 100%), also social media, web site and phone (all of them 80-100% in both groups).



4.1.2 Interview Findings:

Farmers:
Describe key findings: m*arketing and sales*

Distributors:
Describe key findings: *distribution of orders*

Local Networks:
Describe key findings: *Easier for customers if there were an e-platform, with all information about products and price.*

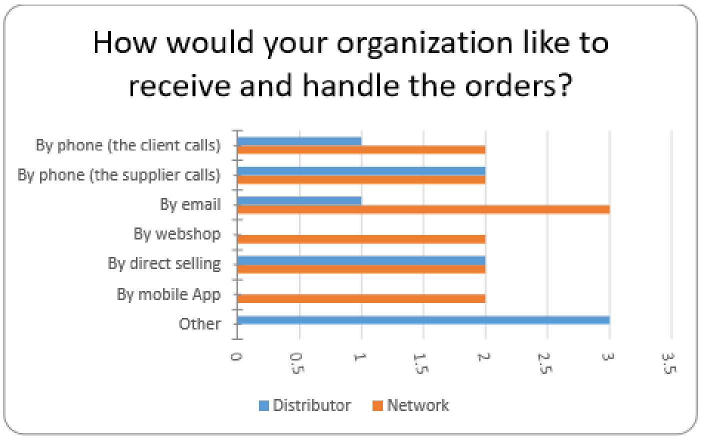
Local Business:
Describe key findings: *Word of mouth is crucial*

4.2 Topic 2 Ordering

4.2.1 Survey responses

In hence to the distributors, they mainly receive and handle orders by direct selling and in person (60%). They prefer to make orders in person, and would like to increase the use of phone/supplier calls (40%), and other channels/e-solutions (60%). They have a low interest in using e-mail, web shop or mobile app. 75% have agreed about the product standards.

All of the networks receive and handle orders by phone, by e-mail, by direct selling and in person. They prefer using e-mail (100%), but would also like to increase the use of mobile app and web shop. All of them have agreed about the product standards.



4.2.2 Interview Findings:

All of the respondents are aiming for e-orders. It is still common to make orders by telephone, but days can be busy, and it is more efficient to make orders through e-mail or even better, a web shop.

4.3 Topic 3: Logistics

4.3.1 Survey responses

The survey results show that 80% of the distributors already have a *Business to business* (B2B) solution. The network takes either care of the delivery themselves (40%), or it is organized through other options.

All of the networks have both a B2B and B2C solution. The delivery is mainly taking care of by the distributors (68%). One respondent is not satisfied with the exisiting delivery chain; insufficient infrastructure, the cost of delivery is too high, not enough financial resources and the variety of products are too low.

4.3.2 Interview Findings:

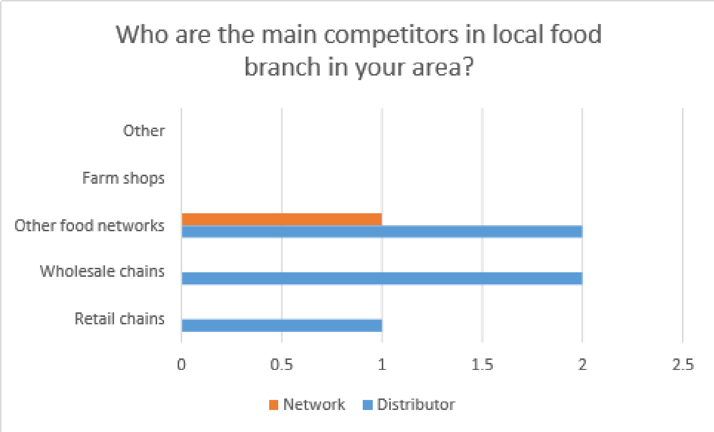
It is important with contact one on one, between the farmer/producer and the customer. Still, it is demanding to maintain the dialog only based on this, there for it is important to seek other and more efficient solutions. It is important to understand how the chain of supply works.

4.4 Pricing/Profit Margins

4.4.1 Survey responses

All of the distributors handle payments only by invoice. The main competitors are the wholesale chains and other food networks. 50% of them find the price suitable, while 50% thinks the price is too high.

All of the networks handle payments by invoice, and also by bank card and online payment. Most of the networks feel that they few or none competitors. All of them believe that the clients appreciate local food products.



4.4.2 Interview Findings:

When asking about the price of local products, the answers were that it is quite demanding, issues considering cost prise. The final surcharge of the price leads to a marketing price that often is too high.

Regarding competition, the respondents admit that they often find actors in other local networks as competitors. Also, volum products, or mass products, are an evidential competition for the local producers.

4.5 Future Challenges

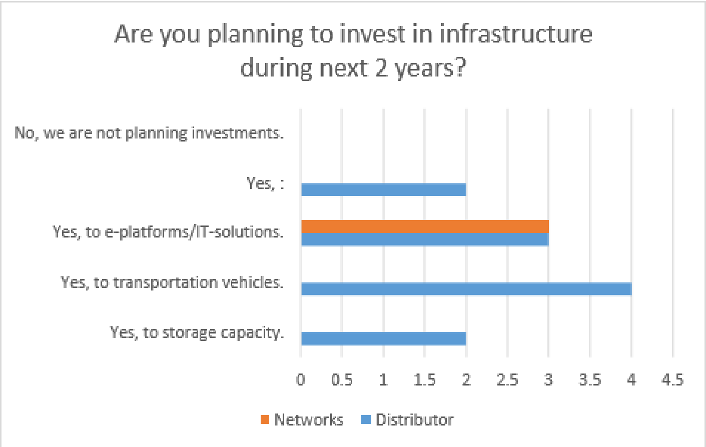
4.5.1 Survey responses

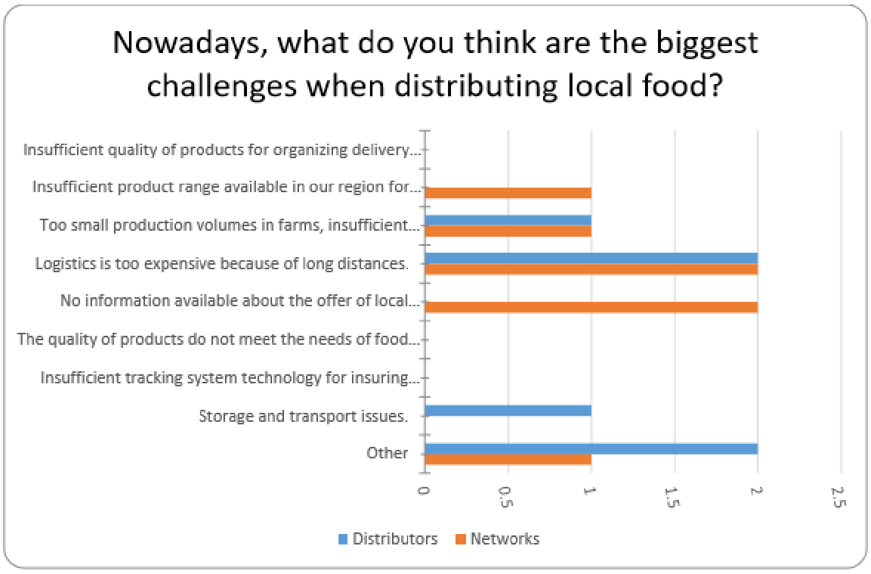
The survey results indicate that all of the distributors are planning on some kind of investment; 80% in transportation vehicles, 60% in e-platforms/IT-solutions, and 40% in storage capacity.

They see the cost of production as the biggest challenge for producing (75%), while the biggest challenge regarding distribution is that the logistics are too expensive.

Interestingly enough, **a**ll of the networks are planning on investing in e-platform/IT-solutions.

They find the biggest challenge for production to be financial questions (100%), in addition to getting clients, due to changes in the operational environment, and cooperation with other companies. The biggest challenges regarding distribution are too expensive logistics and no information available about the offers.





4.5.2 Interview Findings:

Price is important. Some of the biggest challenges when distributing local food are the price; the cost of production is too high. Also, the surcharge of price at all stages ends with a marketing price which is too high.

The logistics are also too exepensive. Norway is a country with long distances, and distribution is there for challenging and expensive.

5 Next steps

The survey shows that all of the respondents see the use of an e-platform as essential. By developing such a platform, one can upload and find accurate information on both products and prices, and the buyers can make orders. It will still be important with direct contact, but they who not already use such a tool, are planning on investing in this.

The biggest challenge regarding distribution is that there is hard to find information about the different offers. Also, the logistics are too expensive, both for the distributors and the producers/networks. It is crucial to develop a distribution system/platform that is favourable, in relation to both financial issues as well as time saving.

7.4 Appendix 4: Russia Country Report

Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

Baltic Sea Food

BALTIC SEA FOOD INITIAL REPORT

Russia

State budgetary vocational educational institution of the Pskov region «Pskov agrotechnical college»

State Committee of the Pskov region for economic development and investment policy

Table of Contents

1 Country Overview/Introduction

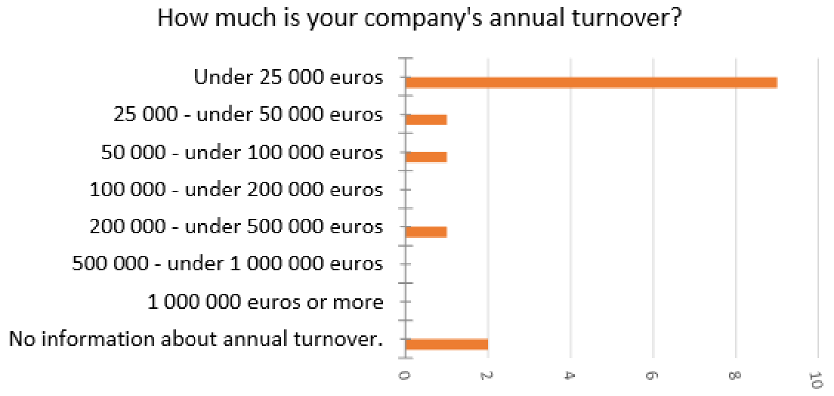
Pskov region is divided into 24 districts and all areas have their own culinary identity and local food networks and farmers unions. There is no centralized distribution system or a company that offers this service nationwide. Local food producers and farmers in rural areas are mainly small family businesses, who prefer to organize the sales through face-to-face contact and by phone, for whom the arrangement of sales and logistics are both time-consuming and expensive. They're often not able to sell their products to big wholesale companies or supermarket chains because of limited production volumes and higher price comparing with large producers. Therefore their access to catering, food processing and retail sector is complicated. The market area of local food producers is usually their own home area. In many areas they have established local food networks to cooperate for marketing and information exchange. Many food networks and distributors use mainly social media to introduce their products to customers. There is very little business to business (B2B) local food distribution in the Pskov region. The most popular direct selling point is regular farm market, which is organized jointly by local farmers. Usually they organize the market once or twice per week where local people can purchase fresh local products.

2 Methodology

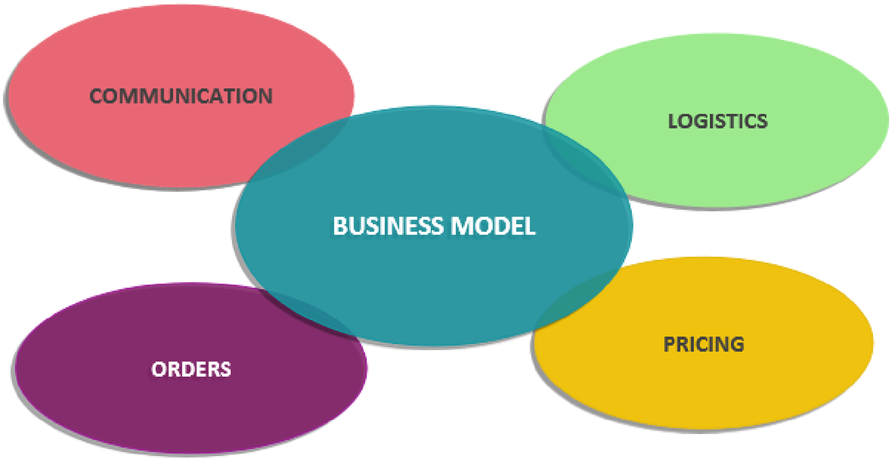
The survey respondents were selected from the database of the State Committee for agriculture and technical inspection of the Pskov region. In total 90 food networks, farms, distributors and organizations were contacted with the request to participate in the survey. The requests were sent by email in the middle of February. We received only 5 online replies from food networks and 11 more questionnaires were completed verbally in telephone interviews. The participants for the focus group interview were selected from the participants of the survey. All organizations identify themselves as producers not distributors. The survey results indicate that most of the food networks were small.

3 Demographics

Most of the networks are in the category "under 25 000€ annual turnover". 73, 3 % networks sell directly to end consumers. Less than a half of the networks sell also to retailers and distributors. Biggest part of the networks marked their annual turnover as under 25 000€ per year, one network has marked it as over 200 000€. But 14% also say that they have no information about the networks turnover. The members of food networks are mainly farmers and producers.



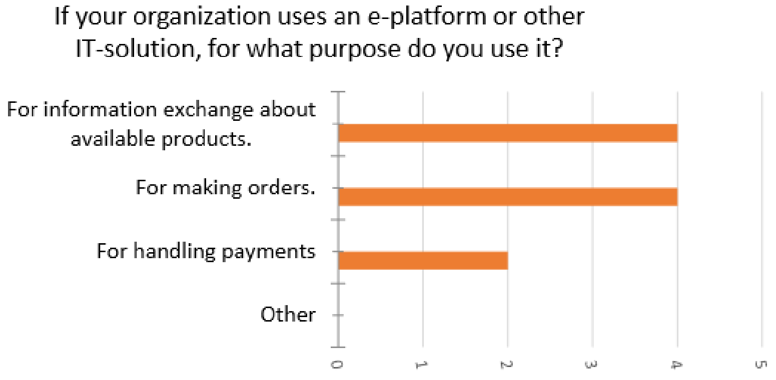
4 Findings within Key topic areas

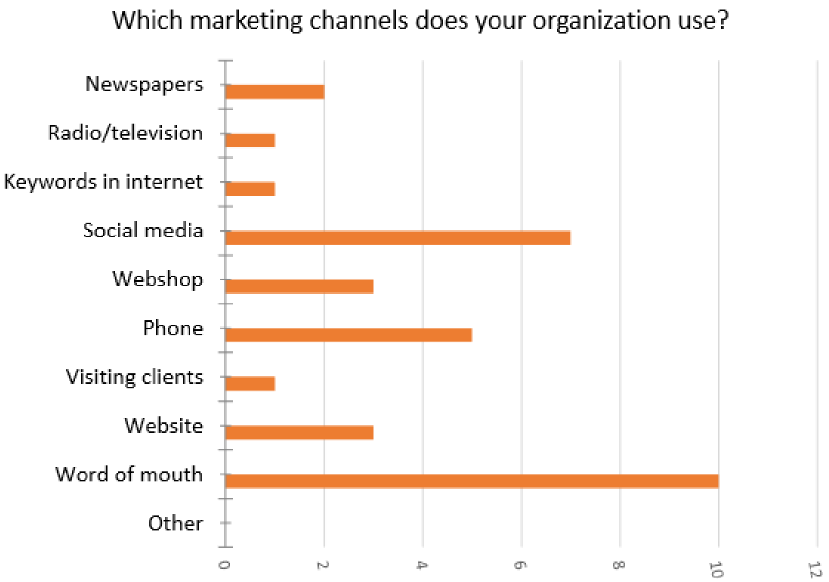


4.1 Topic 1: Communication

4.1.1 Survey responses

Only about 40% of networks use e-platforms or any kind of IT-solutions (websites, web shop, etc). Networks mainly use the IT-solutions for exchanging information about available products, but also for handling orders and payments. Word of mouth is still the main marketing channel.





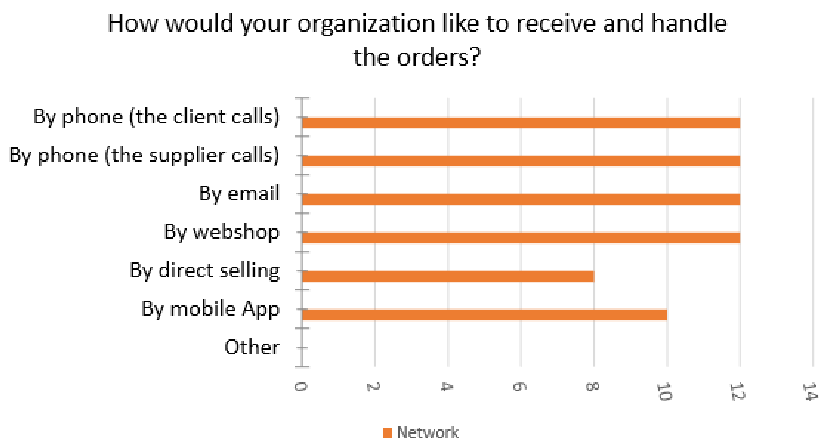
4.1.2 Interview Findings

For the most of the respondents it's too expensive to maintain and advertise e-platforms. Social media is very important as it is easy to post current information and get to a lot of people quickly, it is free and very convenient to use. Many people are still used to making orders and communicating through phone. Almost all of them collect feedback from their clients and analyze it, but they don't think that consumers get enough information about local food products.

4.2 Topic 2 Ordering

4.2.1 Survey responses

Networks consider their main sales point to be direct selling at markets. 80% of the networks take care of orders by phone, by email or in person. Almost all of them would like to widen their ordering process possibilities (first of all at the expense of web shop and by mobile app).



Almost all networks who participated in the survey have agreed on quality standards with the food producers and farmers.

4.2.2 Interview Findings

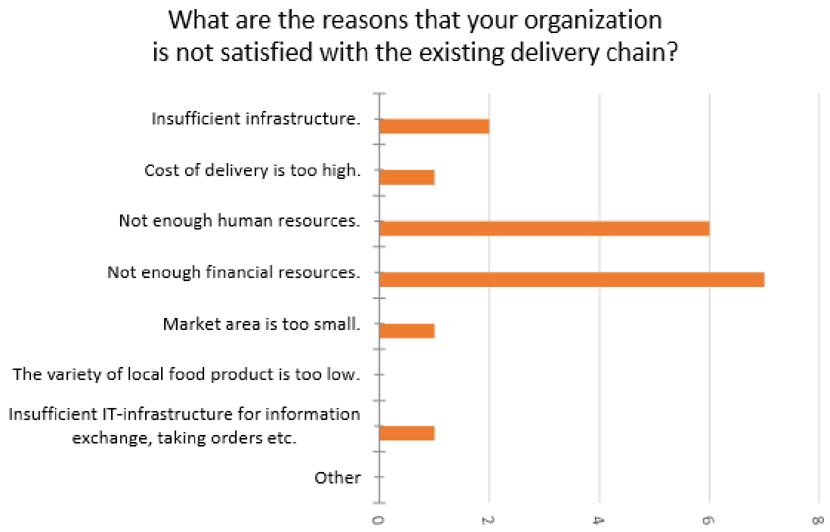
The farmers and producers bring their products to the farm shops or markets and sell from there. They make the orders based on the sales; sometimes the producers bring new products for sale as well. The balance of availability and demands heavily depends on the season.

Legislation standards that have to be followed selling to retailers and distributers make difficulties for small family businesses.

4.3 Topic 3: Logistics

4.3.1 Survey responses

Majority of the organizations that participated in the survey have mainly a business to consumer (B2C) business model, some also have both business to consumer and business to business model. 95% take care of delivering themselves. There are several different distribution models for the deliveries. 2/3 of the networks are not satisfied with the current delivery chain. The reasons are not enough financial and human resources and insufficient infrastructure. Transportation costs are high due to the long distances between different farmers and producers and consumers.



4.3.2 Interview Findings

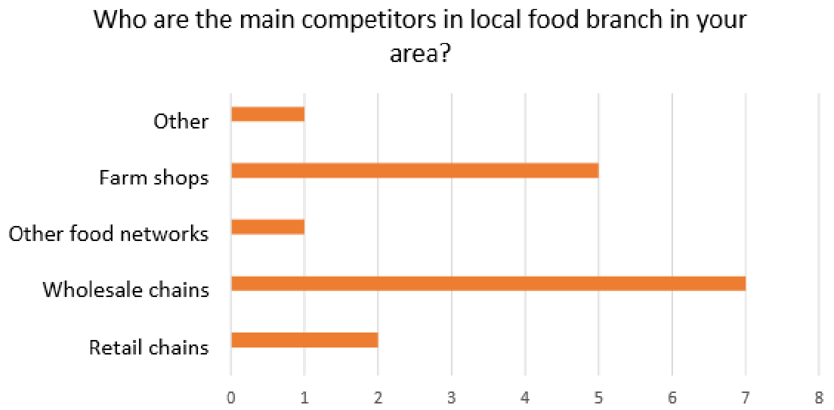
For 2/3 is necessary to organize centralized distribution and logistics. But sometimes due to small production volumes there has been no need to use centralized distribution/logistics service in this or that area. Some food networks stated that they have a very small production volume which enables the producers to sell all of their products to just a few customers. Most of respondents do not satisfied with storage spaces and it makes difficulties in delivering process.

4.4 Pricing/Profit Margins

4.4.1 Survey responses

67% of the networks who participated in the survey think that the price of local food products is suitable. 20% think that the price doesn't cover the costs of production and transportation. 13% think that it is too high and it makes the local food products less competitive.

The main way of accepting payments is by cash, but a large part of payments are also done by invoices via bank transfer. Very few payments are accepted by debit or credit card.



2/3 of networks say that they have strong competition in their area. They consider their main competition to be retail chains as they have a large variety of products with a cheaper price. Some consider other farm shops to be a large competitor as well. Some survey participants said that they do not have any competition because they have a different target market.

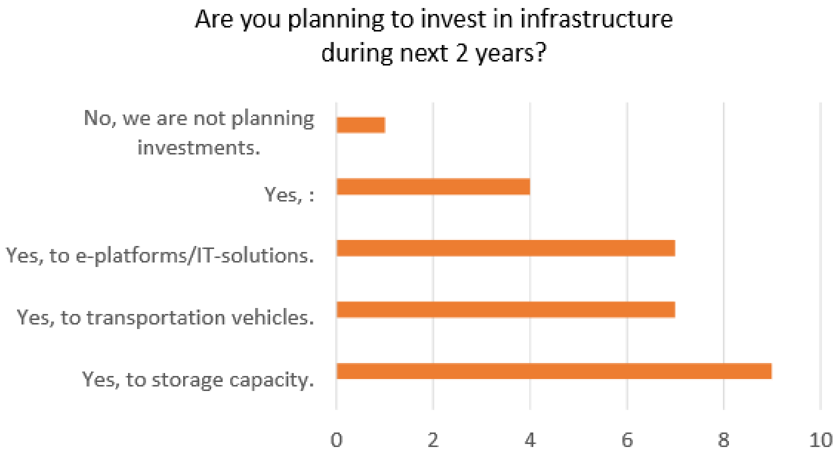
4.4.2 Interview Findings

In the local food sector, the producer sets the price. The most important factor for consumer is price and consistency in products. If the farmers sell their products at a higher price, the customers will usually not buy them. But it happens that if they produce high good quality local products, consumers will buy them despite the higher price.

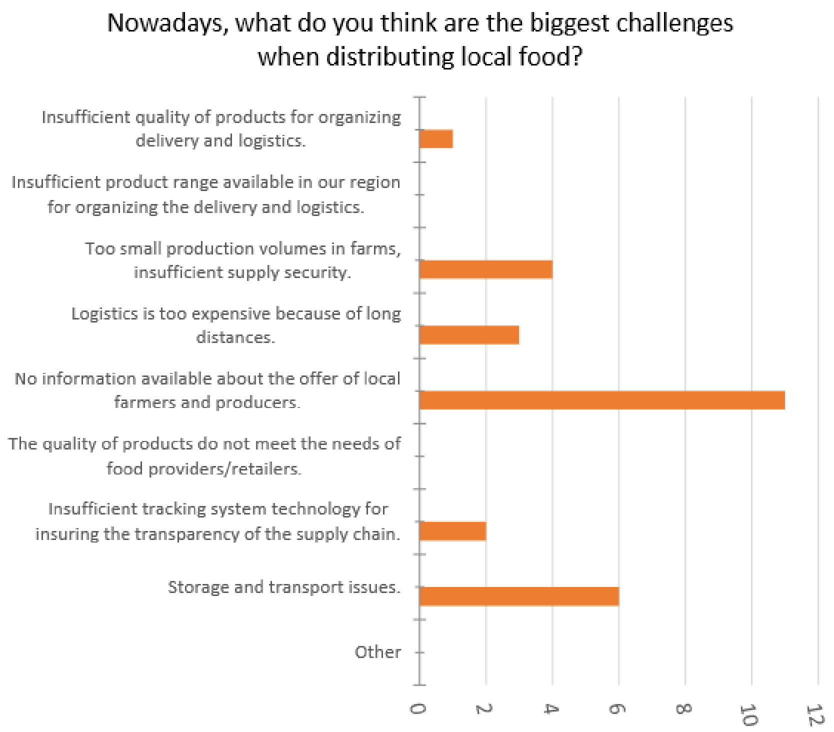
4.5 Future Challenges

4.5.1 Survey responses

When asked about plans on future investments almost all networks stated that they plan investments in the next few years. 60% are planning to invest in storage capacity and 40% in transportation vehicles. The networks are also interested in investing in an e-platform or IT-solutions.



Networks agree that the biggest challenges of producing local food are cost of production, getting clients and finding or keeping skilled employees. Networks are also concerned about cooperating with other organizations, about the financial questions.



The biggest challenges are no information available about the offer of local farmers and producers, storage and transport issues, the high price of logistics due to long distances and also the insecurity caused by small volumes of production by farmers and producers.

4.5.2 Interview Findings

The biggest challenge really is finding farmers and producers who produce constantly and whose productions volumes are also constant.

The local farmers and producers need to be introduced to the B2B model. Sometimes they do not even try to get their products to restaurants.

Increase information available about the offer of local farmers and producers. To start more campaigns to promote using locally produced food.

5 Conclusions

This research confirmed that there is no existing business model for B2B and sustainable e-platforms in the Pskov region. All parties need for cost-efficient distribution solutions for delivering food products from farms.

7.5 Appendix 5: Survey Questions Networks

Interreg
Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

Baltic Sea Food

Survey for Local Food Networks

Many local food producers in the Baltic Sea countries are small family businesses for whom the arrangement of sales and logistics are both time-consuming and expensive. Because of that 10 partner countries in Baltic Sea Area are aiming to work out a viable business model to help regional food networks in distribution of local food products to cafés, restaurants, hotels and rural tourism businesses in a more efficient and cost-effective way.

This survey is launched for mapping the experience and capacity of local food networks and distributors in order to identify existing successful cooperation models and supply chains in Baltic Sea area. Based on the results of this survey efficient local food distribution model will be prepared for testing.

The survey is organized in the framework of the cooperation project “Baltic Sea Food” using the support of the Interreg Baltic Sea Region Programme.

We would really appreciate it if you could take a moment of your time to answer our survey which should only take approximately 10-15 minutes.

1. What type of organization is your network representing?

A formal organization (e.g. non-governmental organization, farmers cooperative, local municipality)

An informal organization (a network of local food providers/producers with some informal leader, no legal body created)

2. In which area/areas does your network operate

- ☐ Finland
- ☐ Norway
- ☐ Latvia
- ☐ Germany
- ☐ Sweden
- ☐ Denmark
- ☐ Estonia
- ☐ Russia
- ☐ Poland
- ☐ Lithuania

3. How many members are in your network?

- ◯ Up to 10
- ◯ 11-30
- ◯ 31-50
- ◯ More than 50

4. Which type of members do you have in your network?

- ☐ Farmers/producers
- ☐ Food providers (catering companies)
- ☐ Shops
- ☐ Private persons
- ☐ NGO's
- ☐ Others

____

5. From how many local food producers/farmers do you buy your products?

- ◯ Up to 10
- ◯ 11-20
- ◯ 21-50
- ◯ More than 50

6. How old is your network?

- ◯ under 3 years
- ◯ 3-4 years
- ◯ 5-10 years
- ◯ over 10 years

7. How much is your network's annual turnover?

- ◯ Under 25 000 euros
- ◯ 25 000 - under 50 000 euros
- ◯ 50 000 - under 100 000 euros
- ◯ 100 000 - under 200 000 euros
- ◯ 200 000 - under 500 000 euros
- ◯ 500 000 - under 1000 000 euros
- ◯ 1000 000 euros or more
- ◯ No information about networks turnover.

8. How many employees are there working for your network? (Full-time and part-time)

	Full-Time Employees	Part-Time Employees
Less than 10 employees	○	○
10 – 50 employees	○	○
Over 50 employees	○	○
We don't have any permanent employees.	○	○

9. Who does your network sell products to?

- ☐ To distributors.
- ☐ To retailers.
- ☐ Directly to end-consumers.
- ☐ To other clients

____

10. What kind of cooperation do you have in the network?

- ☐ Cooperation in distribution/logistics/selling.
- ☐ Cooperation in further processing.
- ☐ Cooperation in marketing (under joint label etc.)
- ☐ Shared equipment (for packaking, labelling, processing of products, etc.)
- ☐ Cooperation in information exchange (using common website, facebook etc.)
- ☐ Shared transportation vehicles.
- ☐ Shared storage/freezing space.
- ☐ Other

11. What kind of a distribution/logistics/selling model does your network have?

- ◯ It is business to business solution.
- ◯ It is business to consumer solution.
- ◯ It is both a business to business as well as business to consumer solution.

12. What type of cooperation does your network have in distribution/logistics /selling?

- ◯ Centralized delivery of food products from farmers to each customer based on orders.
- ◯ Centralized delivery of food products from farmers to one selling point based on orders.
- ◯ Farmers deliver their food product to one selling point based on orders.
- ◯ Regular farm market.
- ◯ Other

____

13. Does your network organize/participate in marketing events and/or fairs in your county?

◯ Yes ◯ No

14. What kind of marketing events and/or fairs does your network organize/participate in your area?

(A question only for those, who answered, that they do organize/participate marketing events/fairs, Q13)

- ☐ Food markets
- ☐ Food fairs
- ☐ Thematic food events
- ☐ Food making/producing workshops
- ☐ TV shows
- ☐ Publishing cooking books/magazines/brochures
- ☐ Mobile App
- ☐ Promotional website
- ☐ Other

15. Which types of local food raw materials or products are in your network's product range? (A list of products, one or more can be chosen)

- ☐ Meat
- ☐ Fish/shellfish
- ☐ Milk
- ☐ Eggs
- ☐ Vegetables/herbs
- ☐ Berries/fruits
- ☐ Mushrooms
- ☐ Other

____

16. Which types of local processed food or products are in your network's product range? (A list of products, one or more can be chosen)

- ☐ Meat products (e.g. sausages, smoked meat)
- ☐ Fish or shellfish products
- ☐ Milk products (e.g. cheese)
- ☐ Vegetable products/berry products (e.g. jams, juices)
- ☐ Grain products
- ☐ Spirits
- ☐ Beverages
- ☐ Other

17. Does your organization sell local food products from one centralized place?

○ Yes ○ No

18. Would it be useful to organize centralized distribution and logistics of local food products in your food network?

(A question only for those, who don't have a cooperation in logistics/distribution /selling)

○ Yes ○ No

19. Which type of cooperation would you like to organize in your food network?

- ◯ Centralized delivery of food products from farmers to each customer based on orders.
- ◯ Centralized delivery of food products from farmers to one selling point based on orders.
- ◯ Farmers deliver their food products to one selling point based on orders.
- ◯ Regular farm market.
- ◯ Other

____

20. How do you take care of deliveries to distributors, retailers and/or customers?

- ◯ Our network takes care of delivery.
- ◯ The distributor takes care of the delivery.
- ◯ The delivery is organized in another way

____

21. Do you think that your network can deliver the local food products fast enough?

- ◯ Yes, we can deliver the local food products fast enough.
- ◯ No, our delivery times of local food products are too long.

22. Why are your delivery times of local food products too long? (Open question for those who answered "No" in Question 21 (not obligatory question)

____

____

____

23. Are you satisfied with the existing delivery chain in your network?

- ◯ Yes ◯ No

24. What are the reasons that your network is satisfied with the existing delivery chain? (A question only for those who answered, that they are satisfied with the existing delivery chain; Q 23)

- ☐ Good infrastructure.
- ☐ The cost of the delivery are reasonable.
- ☐ Good customer care.
- ☐ Good financial situation.
- ☐ Good IT-infrastructure for information exchange, taking orders etc.
- ☐ The size of the market area is sufficient.
- ☐ The variety of local food products available is good.
- ☐ Other

____

25. What are the reasons that your network is not satisfied with the existing delivery chain? (A question only for those who answered, that they are NOT satisfied with the existing delivery chain; Q 23)

- ☐ Unsufficient infrastructure.
- ☐ Cost of delivery is too high.
- ☐ Not enough human resources.
- ☐ Not enough financial resources.
- ☐ Market area is too small.
- ☐ The variety of local food product is too low.
- ☐ Insufficient IT-infrastructure for information exchange, taking orders etc.
- ☐ Other

____

26. How is the reclamation handling practice organized in your network?

- ☐ We have a reclamation form available.
- ☐ Clients can make the reclamation by calling us.
- ☐ Clients can make reclamation by letter/e-mail.
- ☐ Reclamations can be done an other way

____

- ☐ We don't have any reclamation handling routine in our company.

27. How do you handle payments? (Can choose one or more)

- ☐ By cash
- ☐ By credit card
- ☐ By bank card
- ☐ By invoice
- ☐ By online-payment
- ☐ Other

____

28. How is the possible returning of local food products organized in case of quality problems?

- ◯ Clients return the products themselves.
- ◯ Our network takes care of the returning of products.
- ◯ There hasn't been any returning of local food products in our network.

29. Does your network collect feedback from your clients?

◯ Regularly ◯ Casually ◯ Never

30. How do you use the feedback?

(A question only for those, who answered that they do collect feedback; Q29)

- ◯ We analyze the feedback, but haven't used the data when developing our services/products.
- ◯ We analyze the feedback and develope our services and/or products based on the feedback.
- ◯ We haven't analyzed and used the feedback at all.

31. How does your network receive and handle orders?

- ☐ By phone (the client calls)
- ☐ By phone (the supplier calls)
- ☐ By email
- ☐ By webshop
- ☐ By direct selling
- ☐ By mobile App
- ☐ In person
- ☐ Other:

____

32. How would your network like to receive and handle the orders?

- ☐ By phone (the client calls)
- ☐ By phone (the supplier calls)
- ☐ By email
- ☐ By webshop
- ☐ By direct selling
- ☐ By mobile App
- ☐ Other

____

33. Does your network use some e-platform or other IT-solution?

◯ Yes ◯ No

34. If your network uses an e-platform or other IT-solution, for what purpose do you use it?

☐ For information exchange about available products.

☐ For making orders.

☐ For handling payments

☐ Other

____

35. Is the production of local food and demand for local food products in your network in balance on an annual basis?

◯ The availability and demand of local food products are in balance.

◯ There is more demand than products available.

◯ There is less demand than products available.

◯ The balance of availability and demand depends on the season.

36. Is your network planning to expand the business of local food products during next 2-3 years?

◯ Yes ◯ No

37. Have you agreed about the quality standard of food products with producers/farmers?

◯ Yes ◯ No

38. Which marketing channels does your network use?

- ☐ Newspapers
- ☐ Radio/television
- ☐ Keywords in internet
- ☐ Social media
- ☐ Webshop
- ☐ Phone
- ☐ Visiting clients
- ☐ Website
- ☐ Word of mouth
- ☐ Other

____

39. Does your network have a (jointly agreed) written business plan? (written document)

◯ Yes ◯ No

40. We have cold-storage space in our food network.

◯ Yes ◯ No

41. We have regular goods storage space in our food network.

◯ Yes ◯ No

42. Are your storage spaces sufficient?

◯ Yes ◯ No

43. Does your network have competitors in local food branch in your operational area?

- ◯ We don't have competitors or there is very little competition in local food branch.
- ◯ We have strong competition in local food branch.
- ◯ Don't know about the situation of competition in local food branch.

44. Who are the main competitors in local food branch in your area?

(A question only for those who answered that they have strong competition; Q43)

- ☐ Retail chains
- ☐ Wholesale chains
- ☐ Other food networks
- ☐ Farm shops
- ☐ Other

____

45. Do we think that consumers get enough information about local food products?

◯ Yes ◯ No

46. Do we think that our clients do appreciate local food products and therefore like to buy them?

◯ Yes ◯ No

47. Do you think that the price of local food products is suitable?

- ◯ Yes, the price of local food products is suitable.
- ◯ No, the price doesn't cover the costs of producing local and supplying products or the revenue is too low.
- ◯ The price is too high which makes local food products less competitive.

48. Are you planning to investment in infrastructure during next 2 years?

- ☐ Yes, to storage capacity.
- ☐ Yes, to transportation vehicles.
- ☐ Yes, to e-platforms/IT-solutions.
- ☐ Yes, :

____

- ☐ No, we are not planning investments.

49. Nowadays, what do you think are the biggest challenges when producing local food?

- ☐ The costs of production.
- ☐ Cooperation with officials.
- ☐ Cooperation with other organizations/companies.
- ☐ Financial questions.
- ☐ Changes in the operational environment.
- ☐ Getting clients.
- ☐ Getting skilled employees or keep the skills of employees updated.
- ☐ Technical development.
- ☐ Other

____

50. Nowadays, what do you think are the biggest challenges when distributing local food?

- ☐ Insufficient quality of products for organizing delivery and logistics.
- ☐ Insufficient product range available in our region for organizing the delivery and logistics.
- ☐ Too small production volumes in farms, insufficient supply security.
- ☐ Logistics is too expensive because of long distances.
- ☐ No information available about the offer of local farmers and producers.
- ☐ The quality of products do not meet the needs of food providers/retailers.
- ☐ Insufficient tracking system technology for insuring the transparency of the supply chain.
- ☐ Storage and transport issues.
- ☐ Other

____

51. Contact Information

______________________________	Organization/Company Name
______________________________	Name of the food network (if relevant)
______________________________	Name of the contact person
______________________________	Address
______________________________	Telephone
______________________________	Email

7.6 Appendix 6: Survey Questions Distributors

Interreg Baltic Sea Region

EUROPEAN UNION

EUROPEAN REGIONAL DEVELOPMENT FUND

Baltic Sea Food

Survey for Local Food Distributors

Many local food producers in the Baltic Sea countries are small family businesses for whom the arrangement of sales and logistics are both time-consuming and expensive. Because of that 10 partner countries in Baltic Sea Area are aiming to work out a viable business model to help regional food networks in distribution of local food products to cafés, restaurants, hotels and rural tourism businesses in a more efficient and cost-effective way.

This survey is launched for mapping the experience and capacity of local food networks and distributors in order to identify existing successful cooperation models and supply chains in Baltic Sea area. Based on the results of this survey efficient local food distribution model will be prepared for testing.

The survey is organized in the framework of the cooperation project “Baltic Sea Food” using the support of the Interreg Baltic Sea Region Programme.

We would really appreciate it if you could take a moment of your time to answer our survey which should only take approximately 10-15 minutes.

1. Which type of organization do you represent?

- ◯ A local food network organization
- ◯ Distributors (e.g. logistics services, wholesalers, processors)

2. What type is your company structure?

- ◯ A private company
- ◯ A cooperative company
- ◯ NGO
- ◯ Other: ____________

3. In which area/areas does your organization operate?

- ☐ Finland
- ☐ Norway
- ☐ Latvia
- ☐ Germany
- ☐ Sweden
- ☐ Denmark
- ☐ Estonia
- ☐ Russia
- ☐ Poland
- ☐ Lithuania

4. How many clients do you have?

- ◯ Up to 10
- ◯ 11-30
- ◯ 31-50
- ◯ More than 50

5. Which type of owners/members do you have in your organization?

- ☐ Farmers/producers
- ☐ Food providers (catering companies)
- ☐ Shops
- ☐ Private persons
- ☐ NGO's
- ☐ Others ____________

6. From how many local food producers/farmers do you buy your products?

- ◯ Up to 10
- ◯ 11-20
- ◯ 21-50
- ◯ More than 50

7. How old is your organization?

- ◯ under 3 years
- ◯ 3-4 years
- ◯ 5-10 years
- ◯ over 10 years

8. How much is your company's annual turnover?

- ◯ Under 25 000 euros
- ◯ 25 000 - under 50 000 euros
- ◯ 50 000 - under 100 000 euros
- ◯ 100 000 - under 200 000 euros
- ◯ 200 000 - under 500 000 euros
- ◯ 500 000 - under 1000 000 euros
- ◯ 1000 000 euros or more
- ◯ No information about annual turnover.

9. How many employees do you employ (Full-time and part-time)

	Full-Time Employees	Part-Time Employees
Less than 10 employees	◯	◯
10 – 50 employees	◯	◯
Over 50 employees	◯	◯
We don't have any permanent employees.	◯	◯

10. To whom do you sell your products?

- ☐ To food providers (catering companies).
- ☐ To shops.
- ☐ To private persons.
- ☐ To food processors.

  ____

- ☐ To other clients:

  ____

11. What kind of a distribution/logistics/selling model does your organization have?

- ◯ It is business to business solution.
- ◯ It is business to consumer solution.
- ◯ It is both a business to business as well as business to consumer solution.

12. What type of cooperation does your organization have in distribution/logistics /selling?

- ◯ Centralized delivery of food products from farmers to each customer based on orders.
- ◯ Centralized delivery of food products from farmers to one selling point based on orders.

13. Does your organization organize/participate in marketing events and/or fairs in your county?

◯ Yes ◯ No

14. What kind of marketing events and/or fairs does your organization organize/participate in your area?

(A question only for those, who answered, that they do organize/participate marketing events/fairs, Q13)

- ☐ Food markets
- ☐ Food fairs
- ☐ Thematic food events
- ☐ Food making/producing workshops
- ☐ TV shows
- ☐ Publishing cooking books/magazines/brochures
- ☐ Mobile App
- ☐ Promotional website
- ☐ Other

____

15. Which types of local food raw materials or products are in your organization's product range? (A list of products, one or more can be chosen)

- [ ] Meat
- [ ] Fish/shellfish
- [ ] Milk
- [ ] Eggs
- [ ] Vegetables/herbs
- [ ] Berries/fruits
- [ ] Mushrooms
- [ ] Other

____

16. Which types of local processed food or products are in your organization's product range? (A list of products, one or more can be chosen)

- [ ] Meat products (e.g. sausages, smoked meat)
- [ ] Fish or shellfish products
- [ ] Milk products (e.g. cheese)
- [ ] Vegetable products/berry products (e.g. jams, juices)
- [ ] Grain products
- [ ] Spirits
- [ ] Beverages
- [ ] Other

____

17. Does your organization sell local food products from one centralized place?

○ Yes ○ No

18. Would it be useful to organize centralized distribution and logistics of local food products in your company?

(A question only for those, who don't have a cooperation in logistics/distribution /selling)

◯ Yes ◯ No

19. How do you take care of deliveries to customers?

◯ Our network takes care of delivery.

◯ The distributor takes care of the delivery.

◯ The delivery is organized in another way

____

20. Do you think that you can deliver the local food products fast enough?

◯ Yes, we can deliver the local food products fast enough.

◯ No, our delivery times of local food products are too long.

21. Why are your delivery times of local food products too long?
(Open question for those who answered "No" in Question 20 (not obligatory question)

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22. Are you satisfied with the existing delivery chain?

◯ Yes ◯ No

23. What are the reasons that your organization is satisfied with the existing delivery chain? (A question only for those who answered, that they are satisfied with the existing delivery chain; Q 22)

- [ ] Good infrastructure.
- [ ] The cost of the delivery are reasonable.
- [ ] Good customer care.
- [ ] Good financial situation.
- [ ] Good IT-infrastructure for information exchange, taking orders etc.
- [ ] The size of the market area is sufficient.
- [ ] The variety of local food products available is good.
- [ ] Other

____

24. What are the reasons that your organization is not satisfied with the existing delivery chain? (A question only for those who answered, that they are NOT satisfied with the existing delivery chain; Q 22)

- [ ] Unsufficient infrastructure.
- [ ] Cost of delivery is too high.
- [ ] Not enough human resources.
- [ ] Not enough financial resources.
- [ ] Market area is too small.
- [ ] The variety of local food product is too low.
- [ ] Insufficient IT-infrastructure for information exchange, taking orders etc.
- [ ] Other

____

25. How is the reclamation handling practice organized in your organization?

- ☐ We have a reclamation form available.
- ☐ Clients can make the reclamation by calling us.
- ☐ Clients can make reclamation by letter/e-mail.
- ☐ Reclamations can be done an other way
- ☐ We don't have any reclamation handling routine in our company.

26. How do you handle payments? (Can choose one or more)

- ☐ By cash
- ☐ By credit card
- ☐ By bank card
- ☐ By invoice
- ☐ By online-payment
- ☐ Other

____

27. How is the possible returning of local food products organized in case of quality problems?

- ◯ Clients return the products themselves.
- ◯ Our network takes care of the returning of products.
- ◯ There hasn't been any returning of local food products in our network.

28. Does your network collect feedback from your clients?

◯ Regularly ◯ Casually ◯ Never

29. How do you use the feedback?

(A question only for those, who answered that they do collect feedback; Q28)

- ◯ We analyze the feedback, but haven't used the data when developing our services/products.
- ◯ We analyze the feedback and develope our services and/or products based on the feedback.
- ◯ We haven't analyzed and used the feedback at all.

30. How does your network receive and handle orders?

- ☐ By phone (the client calls)
- ☐ By phone (the supplier calls)
- ☐ By email
- ☐ By webshop
- ☐ By direct selling
- ☐ By mobile App
- ☐ In person
- ☐ Other: ____________________

31. How would your organization like to receive and handle the orders?

- ☐ By phone (the client calls)
- ☐ By phone (the supplier calls)
- ☐ By email
- ☐ By webshop
- ☐ By direct selling
- ☐ By mobile App
- ☐ Other ____________________

32. Does your organization use some e-platform or other IT-solution?

- ◯ Yes
- ◯ No

33. If your organization uses an e-platform or other IT-solution, for what purpose do you use it?

- ☐ For information exchange about available products.
- ☐ For making orders.
- ☐ For handling payments
- ☐ Other ____________________

34. Is the production of local food and demand for local food products in your organization in balance on an annual basis?

- ◯ The availability and demand of local food products are in balance.
- ◯ There is more demand than products available.
- ◯ There is less demand than products available.
- ◯ The balance of availability and demand depends on the season.

35. Is your organization planning to expand the business of local food products during the next 2-3 years?

◯ Yes ◯ No

36. Have you agreed about the quality standard of food products with producers/farmers?

◯ Yes ◯ No

37. Which marketing channels does your organization use?

- ☐ Newspapers
- ☐ Radio/television
- ☐ Keywords in internet
- ☐ Social media
- ☐ Webshop
- ☐ Phone
- ☐ Visiting clients
- ☐ Website
- ☐ Word of mouth
- ☐ Other ____________________

38. Does your organization have a (jointly agreed) written business plan? (written document)

◯ Yes ◯ No

39. We have cold-storage space in our food organization.

◯ Yes ◯ No

40. We have regular goods storage space in our food organization.

◯ Yes ◯ No

41. Are your storage spaces sufficient?

◯ Yes ◯ No

42. Does your organization have competitors in local food branch in your operational area?

- ◯ We don't have competitors or there is very little competition in local food branch.
- ◯ We have strong competition in local food branch.
- ◯ Don't know about the situation of competition in local food branch.

43. Who are the main competitors in local food branch in your area?

(A question only for those who answered that they have strong competition; Q45)

- ☐ Retail chains
- ☐ Wholesale chains
- ☐ Other food networks
- ☐ Farm shops
- ☐ Other

____

44. Do we think that consumers get enough information about local food products?

◯ Yes ◯ No

45. Do we think that our clients do appreciate local food products and therefore like to buy them?

◯ Yes ◯ No

46. Do you think that the price of local food products is suitable?

- ◯ Yes, the price of local food products is suitable.
- ◯ No, the price doesn't cover the costs of producing local and supplying products or the revenue is too low.
- ◯ The price is too high which makes local food products less competitive.

47. Are you planning to investment in infrastructure during next 2 years?

- ☐ Yes, to storage capacity.
- ☐ Yes, to transportation vehicles.
- ☐ Yes, to e-platforms/IT-solutions.
- ☐ Yes, : ____________________
- ☐ No, we are not planning investments.

48. Nowadays, what do you think are the biggest challenges when producing local food?

- ☐ The costs of production.
- ☐ Cooperation with officials.
- ☐ Cooperation with other organizations/companies.
- ☐ Financial questions.
- ☐ Changes in the operational environment.
- ☐ Getting clients.
- ☐ Getting skilled employees or keep the skills of employees updated.
- ☐ Technical development.
- ☐ Other ____________________

49. Nowadays, what do you think are the biggest challenges when distributing local food?

- ☐ Insufficient quality of products for organizing delivery and logistics.
- ☐ Insufficient product range available in our region for organizing the delivery and logistics.
- ☐ Too small production volumes in farms, insufficient supply security.
- ☐ Logistics is too expensive because of long distances.
- ☐ No information available about the offer of local farmers and producers.
- ☐ The quality of products do not meet the needs of food providers/retailers.
- ☐ Insufficient tracking system technology for insuring the transparency of the supply chain.
- ☐ Storage and transport issues.
- ☐ Other

____

50. Contact Information

______________________	Organization/Company Name
______________________	Contact person name
______________________	Address
______________________	Telephone
______________________	Email

7.7 Appendix 7: Focus Group Instructions

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Instructions for Interviewers/moderators

The purpose of these interviews/focus groups is to gain a deeper understanding of the issues unearthed in the online survey and potentially new issues that are important to the four stakeholders.

- Ensure the interviewees/focus group members have read the 'Letter of Introduction and Consent' supplied with this Interview package before commencing the interview.
- Each Interview/focus group should be video recorded and transcribed in order to maintain consistency in the analysis of the responses.
- The questions are divided into four themes, within each theme are questions in bold are directed at everyone unless otherwise stated.
- Questions placed in boxes are meant for specific individuals
- Under each of the main questions are bullet points with suggested questions that are recommended to be asked by the interviewers/moderators.
- Once the session has concluded, recorded and transcribed, the transcribed data needs to be entered into a Google Forms survey for data analysis.

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Survey and interview questions are designed & categorized considering the following few main topics. Focused subtopics for each main topic and referencing of survey question numbers is provided under each section.

Communication

Links to Survey Q's:

(Network Survey: 13-14,29-30, 33-34, 38, 45-46)

(Distributors Survey: 11-12, 26-27, 30-31, 35, 42-43)

The main objective of this guideline is to *review currently available / used e-platform or other IT services* and *marketing or communication channels*. There is emphasis given in interview as well as survey questions on these topics. But we recommend moderators / interviewers to gather as much information as possible w.r.t. these subtopics.

Ordering:

Links to survey Q's:

(Network Survey: 9, 15-16, 28, 35, 37, 40, 47)

(Distributors Survey: 8, 13-14, 25, 28- 29, 32, 34, 37)

The main objective of this guideline is to *analyze how does networks/distributors receive & process orders, how quality of food / food safety is handled throughout the ordering process.* Emphasis is given in interview as well as survey questions on these topics. But we recommend moderators / interviewers to gather as much information as possible w.r.t. these subtopics.

7.8 Appendix 8: Focus group Questions

Baltic Sea Food

Interview Questions for focus groups & Interviews

1. Communication:

1. **How is communication handled between all parties involved (Farmers, Businesses, Distributors, Networks)?**
2. **Are you using an E-platform as a part of your services?**

   (If not, why not? / If yes, explain how it is used and what are its most useful features?)
   - Are there any missing features like product information, payment pathways etc.?
   - Who is predominantly using it?
   - Are there any reasons suppliers/producers/distributors are not utilizing it?
   - Is there any extra cost associated with using the e-platform services?
3. **How is the origin of local food communicated through your services?**
   - Are consumers interested in knowing the exact origin of local food?
   - Would knowing the origin of specific produce, provide any extra value to your customers?
4. **What is working/not working what could be improved?**
   - Would one platform offered for all communications be a useful tool? If not, why not?
   - Is there any middle man involved in the communication process?
   - Is the current procedure time consuming or expensive?

2. Ordering process:

1. **How is the ordering process handled?**
2. **In your network do partnership possibilities exist amongst producers? (**For example, clusters of producers that process one or collective orders.)
   - If not, are there any specific challenges to make it possible?
3. **How is food safety dealt with in your network?**
   - Are there any specific food standards that must be followed?
   - How do you demonstrate that the standards are being met?

3. Logistics:

1. **How is logistics handled?**
2. **How are distributors selected and contacted?**
3. **How and where are the goods collected and distributed?**

Questions for: Focus group / Interview with Local food Distributors
4. **Do distribution services collaborate with each other?** ○ How do you maximize transportation efficiency? For example, combining smaller loads in specific areas or locating other revenue generating loads to avoid empty truckloads arriving for order pickup 5. **Are there any methods used for tracking specific goods?** ○ Can the goods be traced back to the specific farmer/supplier, how? ○ If no, what obstacles prevent this happening?

4. Pricing:

1. **How does the current pricing model work? Is it consistent and/or fair?**
   - Where are the price margins/markups in the current business model?
   - Can they be streamlined or reduced/reallocated more evenly?
   - Would a redistribution of price reduce the attractiveness of using local producers? Who controls what and why?

2. **What is the most and least important factor for you in your operations?**

   For example:
   - Speed of delivery
   - Quality
   - Consistency in products
   - Price
   - Ease of communication

5. What do you perceive the future challenges facing distributors / suppliers / businesses to be? What should we take into consideration?

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Logistics:
Links to survey Q's:
(Network Survey: 5, 11-12, 17-18, 20-25, 31-32, 40-42)
(Distributors Survey: 4, 9- 10, 15-22, 37-39)

The main objective of this guideline is to *know various types of distributions / logistics / selling models*, *how orders are delivered to customers* and *what are the loopholes / challenges in current delivery chain*. Emphasis is given in interview as well as survey questions on these topics. But we recommend moderators / interviewers to gather as much information as possible w.r.t. these subtopics.

Pricing:
Links to Survey Q's:
(Network Survey: 7, 26-27)
(Distributors Survey: 23-24, 44)

The main objective of this guideline is to know *how payments are handled and is pricing of local food products fair*. We would also like to know *who are the competitors and how pricing gets affected due to competition*. Emphasis is given in interview as well as survey questions on these topics. But we recommend moderators / interviewers to gather as much information as possible w.r.t. these subtopics.

Future Challenges:
Links to Survey Q's:
(Network Survey: 19, 36, 43-44, 48-50)
(Distributors Survey: 33, 40-41, 45-47)

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The main objective of this guideline is to know *biggest challenges in producing & delivering local food, readiness to invest in infrastructure or other areas* etc. Emphasis is given in interview as well as survey questions on these topics. But we recommend moderators / interviewers to gather as much information as possible w.r.t. these subtopics.

Demographic

Links to Survey Q's:

(Network Survey: 1-8, 10, 39, 51)

(Distributors Survey: 1-7, 36, 48)

Google Form link: https://goo.gl/forms/sgpAmVDzoupOki5m1