

SHORT DISTRIBUTION CHANNELS: A GAME CHANGER?

A short distribution channel is defined either by direct sale from producer to consumer or by the indirect sale, provided that there is only one intermediary. Long confined to activist circles, this alternative model is now moving out of the margins. What are

The story begins in the 1960s, when Japanese mothers, concerned about the risk of mercury poisoning, organized and founded the first *teikei*: in exchange for the purchase by subscription of their production, farmers undertook to provide chemical-free foods. The word “*teikei*” refers to the act of reaching out for assistance. It also conveys the idea of putting a face on food. This alternative distribution system is the ancestor of short channels.

Activist consumers

From the 1980s and especially from the 2000s, the model spread to the West thanks to the growing trend of selling baskets of local products through fair local partnerships between producers and consumers. Whether they're called [Ethical Purchasing Groups](#) (GAS: Belgium, Italy), Associations for the Preservation of Small Farmers Agriculture (AMAP: France, Romania) or Community Supported Agriculture (CAS: United States, United Kingdom), they all refer to a direct agreement between farmers and buyers for a regular supply of seasonal products.

Involving initially consumer-activists, the rise of short channels is fuelled by the rise of the consumer awareness about many issues: carbon footprint, opacity in trade, health scandals, social disenchantment, unemployment... But the phenomenon is growing in scale and short channels have far exceeded their origins in activist circles. In Japan, wholesalers would distribute 82% of fresh fruit and vegetables in 1990 whereas they distribute only 65% in 2005. According to the agricultural census of 2005, there are 13,538 outlets for the direct sale of agricultural producers throughout the whole country. In the United States, the number of farmers' markets has

grown from 1,785 in 1994 to 4,500 in 2007 with an annual turnover of one billion dollars.

We always think spontaneously of fruits and vegetables, but the short channel model covers a more complex and less known reality. The commonly accepted definition involves three main criteria: first of all, short channels should be a distribution system involving at most only one intermediary between producers and consumers. Secondly, they result from monetized exchange (as opposed to self-production) based on fairness and transparency. Finally, they respond to a desire for “proximity.” The latter can be both geographical (although it is difficult to define a radius beyond which the distribution system would no longer be considered as “short”) and relational: producer and consumer show their relationship through the product.

This social aspect of “proximity” is unsurprisingly very present in the food sector. Food, especially when it comes from the earth, can conceal emotional (taste), human (put faces to products), and identity issues (raising the profile of the farming profession, of a region). That’s why these so-called “short” channels are so often associated to the distribution of food products.

But the model of short channels can very well apply to other sectors. In the financial sector, crowdfunding adopts this disappearance of traditional intermediaries. From loans between individuals (Lending Club) to the collective support of projects (Kickstarter) through savings (SPEAR), many initiatives develop as close to people as possible. In the field of open data (public availability of raw information), mention can be made of the French database “Open Food Facts” which references food products from all around world and publishes their associated information. By ensuring (virtual) social links, equity in financial trading and a participatory approach, this initiative relates completely with short channels.

Many examples from the fields of energy, culture or health can still be listed in this effort to bring producers and consumers closer one to another. But to better target the phenomenon, we will now focus on its key sector: agro-food.



Eating local

Figures are scarce and rarely updated. Empirical studies on purchasing behavior show a great interest in local foodstuff. In the UK, 70% of consumers prefer to buy local, nearly 50% want to buy more local produced food in the future. According to the Natural Marketing Institute, 71% of French consumers and 47% of Spanish and British consumers say buying local is important. But what's beyond this statement of principle?

The 2007 Eurostat survey highlighted significant differences between EU Member States concerning the development of direct sales. 15% of farms sell more than 50% of their production directly to consumers. The percentage of such farms is comprised between about 25% in Greece and barely 0.1% in Spain. Let us note that small farms are more represented in short channels of food.

In France, the last agricultural census (2010) shows that one of every five producers sells part of his output through short channels. In terms of turnover, farm gate sales is the most convenient sales policy. Vegetable and

honey producers favor very much this kind of distribution (animal products, more restrictive in terms of processing and storage, are rarely sold in short channels). There are also significant regional disparities. Producing regions, where many operators work on the same product, traditionally provide long marketing channels. All products taken together, it is quite logically in islands – such as Corsica and in the overseas departments – that this type of marketing is best established.

It must be said that in these two areas, short channels are not so much about introducing a new mode of consumption than they are about maintaining traditional patterns of trade. And for a good reason! Dominant in developed countries a century ago, short channels are the norm in many parts of the globe. In Kinshasa, 50% of consumed products are produced in the city. Therefore, let's make no mistake. Short channels discussed in this article are alternatives to the agro-food system of Western societies. In opposition to the dominant model, characterized as global, intensive, specialized, impersonal, and dependent on fossil fuels. Even if this model has its economic rationality and efficiency, one wonders today about its ecological impact and social cost.

In countries of the North, a large segment of the agricultural sector faces high production costs and low prices that encourage them to further increase their production to protect their incomes. Through an increasingly specialized production, they often depend on a single buyer. This high risk-dependence is a factor of instability that pushes producers toward short channels.

Along with these changes, the renewed interest for short channels seems to be in tune with changing consumer expectations. Mozzarella without cheese, “meat emulsion” shaped like ham, frozen shrimps composed of 50% water, lasagna with horse meat: every decade brings its fair share of scandals and food crises. No wonder that buyer confidence is seriously undermined. In this [new search for food safety](#), traceability seems more important than ever: it mitigates our loss of control. Despite many companies' marketing efforts, direct contact with the producer tends to impose itself as the most radical and more transparent choice. In addition, the price is not the only criterion for purchase. When they purchase their vegetables, short channel buyers are also looking to share, meet, support...

in short, to participate in a world that goes far beyond the preparation of a meal.

“Responsible consumption” probably suffers from this kind of kaleidoscopic picture. When finding food means *eating well*, buying at the right price, maintaining local jobs or minimizing the impact on the environment, one can easily see that the consumer expectations have become increasingly complex. And short channels are not always able to respond to this wide a range of expectations. They may even disappoint strongest hopes, starting with food safety! A traceable product is not necessarily consumable, as revealed in April 2014 by the Federal Agency for the Safety of the Food Chain (AFSCA) in Belgium.

Part of the summary of the report reads as follows: “Results of the microbiological analysis of over 1,000 samples from short channels show that *Listeria monocytogenes* regularly detected in dairy products made from raw milk (milk, butter, cheese, etc.) and in meat products (minced meat and cooked meats)”. Later, we learn that “concerning chemical contaminants, a significantly higher rate of non-compliance was detected in short channels compared with conventional circuits when searching for residues of coccidiostats in eggs.”

Development prospects

This being said, one must ask – with all necessary objectivity – what are the development prospects of this mode of distribution.

A particularly promising market is that of catering, especially in a context of public service. Decision makers, including policy makers, may be sensitive to the interest of enhancing local resources (raw material, labor...). In addition, catering numbers per structure can help organize small businesses at the local level.

In Europe, Italy is regarded as a pioneer. Cities such as Ferrara, Genoa, Rome, Bologna have developed policies for sustainable food purchases for public catering (canteens, schools, hospitals...). In Germany, initiatives flourish in both company canteens and university restaurants. Also worth mentioning, a German-Dutch project promoted by the University of

Mannheim to optimize the resources needed for the supply of five hospitals in the border region of Arnhem-Nimwegen-Kleve ([in German](#)), from the purchase of foodstuffs to the production of food waste. In addition, agro-tourism has revealed itself an invaluable ally of short channels, and attracts increasing attention from regional and European authorities. Local products support regional marketing.

For now, short channels of food are strongly driven by civil society organizations (groups of producers and consumer-farmer associations). This leads to a fragmentation of actions and a great disparity from one territory to another. In any case, their development requires structuring. The local level is by definition the most appropriate, although it is impossible to uniformly designate a “local area.” What does it mean at a country level? At a continent level?

In its report concerning the implementation of a labeling system applicable to local farming and direct sales (December 2013), the European Commission notes that: “Agreeing on a definition at the level of the Union seems arbitrary. Basically, it is for the consumers to decide whether or not a product comes from their local area.” This suggests that the short channels do not necessarily oppose to long channels *per se*. Rather, they are opposed to territorialized (short or long) and globalized channels. Therefore, complementarity is possible, provided that governments understand their role as coordinators.

Good and bad news: their to-do list is quite long. One of the main obstacles to the development of short channels comes from the ignorance of their existence. Developing research, launching recommendation campaigns, recording the available offer: these actions would make a good start. Other means of action: developing supply by training farmers, reducing land speculation to protect urban or peri-urban agriculture or facilitating dialogue with large and small retailers. Finally, for short channels, eco-friendly public procurement is a particularly viable market.

Let’s add that these different means of action may well be applied in coordination with various existing policies. In the final report of the OECD LEED Programme (“Integrated Territorial Development Policies: Short Channels”), the authors argue that: “All areas of intervention of a local

authority can be the starting point of a short channel policy: sustainable development, recycling, development of eco-industries, local employment, balanced development, energy transition, etc.” But if we consider that the development of short channels means increased government involvement, we need to think more broadly, taking into account all the issues. Short channels are maybe not a panacea: in spite of appearances, they are an imperfect response to major issues on the political agenda: energy transition and food security.

The limitations of a model

The high degree of interest for buying local seems *a priori* to meet two expectations: the increased need for access to the history of a product and the desire to reduce the environmental impact of food distribution. The first wish does not imply relocation to be fulfilled. Every morning, “Miami-miam,” a local cyber-grocery from venteprivee.com, promotes (and markets) products from small French producers. Without belonging specifically to short channels, e-commerce is perfectly able to reduce the conceptual distance between producers and buyers. Restoring confidence it no so much about reducing geographical distances than it is about redefining logistics and information.

Nor can the second expectation, linked to the carbon footprint, be met by the “proximity” short channels. We’ve seen how relative this proximity can be. This isn’t the only limitation of the model: transport has less environmental impact than the phase of agricultural production itself. In addition, regarding distribution, the issue of transportation is less about the miles necessary for delivery than it is about the mode of transportation or logistics optimization. The vehicle used, quantity transported, average load, empty return or not... Mass transports such as cargo trucks reduce emissions per transported pound. If transportation is not optimized, a shorter distance does not always mean less CO₂ emissions per ton-mile and in this sense, local products have no specific environmental benefits.

The other current major problem is probably the mismatch between demand and supply. On the demand side, the panel of products – often considered insufficient – contrasts too sharply with our eating habits. In addition, these low-volume productions with reduced distribution have an impact on price. A consequence that consumers are not always willing to

accept. On the supply side, we see two main syndromes: firstly, a disparity between regions, due to the nature of the soil and climate, patterns of production and agricultural policies. On the other hand, a lack of producers and products, partly due to the requirements of the activity (property aspects in peri-urban areas, new skills in sales and communication, low working time/income ratio...).

The question of (mis)match between supply and demand involves the concept of food security. While a better networking of short channels can increase their economic relevance, it isn't enough to optimize the flow of foodstuffs at scales beyond that of the region. However, this flow is a key asset of modernity, which prevented famines and shortages. The diversity of sources remains an essential criterion in terms of food security. In addition, large cities concentrate simply too many people not to rely on a hinterland at multiple scales. For example, the Île-de-France region would need six times more land than the area currently used to feed its 11 million inhabitants.

However, considering what they really are, i.e. a partial answer to sustainable food, short channels are undoubtedly of great interest. Engineer Nicolas Bel shows that, by developing urban agriculture on its roofs, Paris could meet its partial needs in terms of consumption of salads and tomatoes and full needs in terms of aromatic plants.

Which scope? Which products? Which consumers? If we do not examine at all the aspects of their complex nature, we will misconceive the reality of short channels. In this regard, one should take distance from the militant point of view on this emerging sector. However, short channels are undeniably part of the fundamental trends in the evolution of territories. Tensions caused by scarcity, distribution of foodstuffs, social policies or ethical choices... Rather than the origin or the cause, they appear more as a partial translation of the dynamics of territorial sustainability. As an opportunity also, that of social, organizational and governance innovations. But agriculture is only one of the four resources that coexist within territories: water, energy and biodiversity are the other aspects that shape almost every aspect of the development of agriculture.

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