Interreg CENTRAL EUROPE
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Food4CE

ALTERNATIVE FOOD NETWORKS IN ITALY

Short report summary

Food4CE

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1. Executive summary

The report explores the current state of Alternative Food Networks (AFNs) in the Emilia-Romagna region of Italy, utilizing a combination of desk research, interviews, and direct outreach. The methodology involved extensive online research through websites, public records, agricultural databases, and literature, providing a comprehensive overview of AFNs in the region.

A total of 62 AFNs were contacted, highlighting the diversity of these networks and their varying roles within the food system. AFNs in Emilia-Romagna differ in their methods and objectives but are united in their commitment to advancing local, sustainable, and fair food systems. These networks offer consumers a valuable alternative to conventional food sources by providing locally produced, healthy, and eco-friendly choices. Moreover, they strengthen community ties and bolster local economies by prioritizing small-scale farmers and producers.

The research conducted within the Food4CE project aims to analyze and map these AFNs, particularly focusing on their impact following the COVID-19 pandemic. The findings indicate a significant rise in the popularity of AFNs during this period, with many producers shifting towards direct sales channels that generated over €6.5 billion in revenue in 2020. Among the 62 identified AFNs, they were categorized based on their organizational complexity into direct (14), intermediary (21), and advanced (27) types. The majority are concentrated in Bologna, which hosts 61% of these networks. The study reveals that over 80% of products offered by AFNs are shelf-stable items, with a notable presence of fresh and organic goods.

These results underscore the critical role of AFNs not only in supporting local economies and promoting environmental sustainability but also in fostering connections between producers and consumers, thereby enhancing the resilience of Italy's food system. By examining these networks within Emilia-Romagna, valuable insights into their influence on developing sustainable, locally oriented food systems have been gained.

About Food4CE:

Food4CE is a European project funded by the INTERREG Central Europe Programme, aimed at supporting Alternative Food Networks (AFNs) in their efforts to create sustainable and resilient food supply systems. Within Food4CE 5 local and 1 Transnational Innovation Hub (IH) will be established and will focus on advancing AFNs logistics efficiency through the development of innovative tools and solutions.

Two innovative tools, the Knowledge Transfer Platform and the Matchmaking Platform will be developed within the project. The former is intended for sharing logistics best practices and solutions, while the latter is intended for creating new B2B logistics solutions and services. The aim is to facilitate knowledge transfer and exchange between different regions and actors, and to create a unique mutual support network for AFNs in Central Europe.

Food4CE will also provide jointly developed regional action plans for each participating region and transnational (CE) policy guidelines for AFN support. The project aims to establish a sustainable and lasting AFN support mechanism, which will continue working even after the project end.

By establishing local and transnational Innovation Hubs and developing innovative tools and solutions, Food4CE project aims to facilitate knowledge exchange and cooperation between different actors and regions, leading to a sustainable and lasting AFN support mechanism.

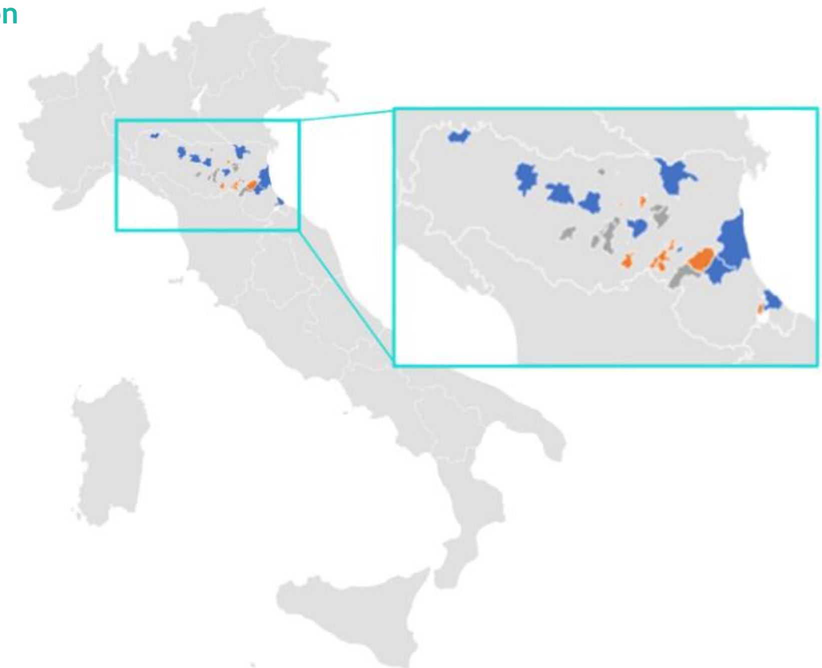
2. Alternative Food Networks (AFNs) in Italy

The research overview delves into the dynamic landscape of Alternative Food Networks (AFNs) in the Emilia-Romagna region of Italy, reflecting a collective commitment to sustainability and local sourcing. These networks resonate with consumers who prioritize transparency, quality, and community engagement. AFNs not only provide access to fresh and nutritious food but also foster direct connections between producers and consumers, which are essential for promoting sustainable and locally driven short food supply systems.

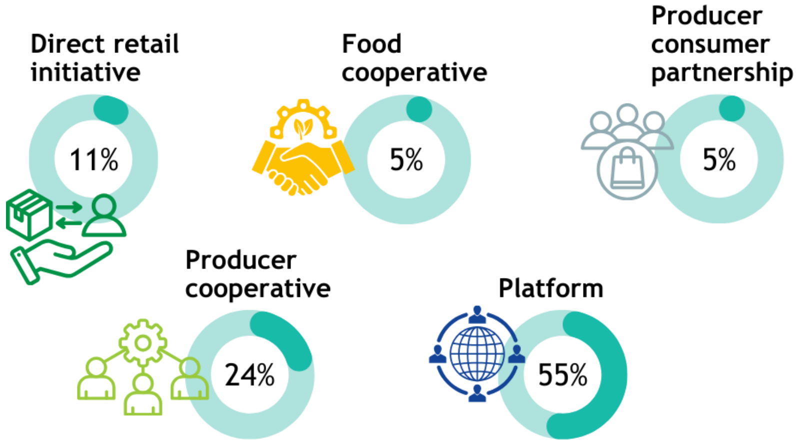
2.1. Research overview

The report highlights how the Emilia-Romagna region in Italy harbours 62 potential AFNs, distributed on **nine provincial areas**. AFNs were categorised in terms of their level of organizational complexity. The distribution across direct (22%), intermediary (34%), and advanced (44%) categories highlights the varied nature of alternative food networks present in Emilia-Romagna, which allows for a more nuanced understanding of the diverse roles and impacts that these AFNs might have within the region's food system landscape.

Geographical location



Furthermore, the AFNs were categorized in 5 organisational types: direct retail initiative, (community) food cooperative, producer-consumer partnership, producer cooperative, and platforms. More than 50% of the AFNs analysed fall in the platform category because promotion, selling and distribution of products relies on a digital/online shop. Second most common type of AFNs in Emilia-Romagna is producer cooperative (24%), followed by direct retail initiatives (11%), producer-consumer partnership (5%) and community food cooperative (5%).



The great majority of AFNs sell shelf-stable products. While refrigerated products make up about 18% of the total product array on offer, and frozen products are near-zero, the shelf-stable products represent more than 80%. Within the shelf-stable category, there are four categories of products that rank higher: vegetables (17%), baked goods (17%), fruits (17%) and stock products (16%). These four main categories make up around 68 % of all the product array on offer.

Finally, the distribution channels used by AFNs shows that market stalls are by and far the most commonly used distribution channel, with 74% of AFNs choosing to sell their products at regular farmers' markets (public markets) or fairs. Self-collection (products of the AFN are picked up by the customer), **shop at producer's site** and delivery by parcel service (e.g. UPS, DHL, GLS) is used by about 40% of the AFNs. 20% of AFNs organize its own delivery, while only one AFN appears to engage in roadside sales.

2.2. Assessment of advanced AFNs

The research sample included 17 Alternative Food Networks (AFNs), with 11 classified as advanced. This classification signifies AFNs that leverage online platforms for sales and offer delivery services through their own vehicles or logistics operators. Among the sampled AFNs, 15 out of 17 employ between 1 and 8 staff members. A primary focus for most AFNs is the ability to sell or produce local food products for nearby customers, with product origin traceability also being a significant priority. **There is a strong consensus on the necessity to minimize transportation efforts, reduce intermediaries, and enhance business expertise.** While community engagement and fair pricing receive slightly lower affirmative responses, they still reflect an important consideration among these networks. **These findings highlight the commitment of AFNs to fostering transparent, efficient, and socially responsible food systems that prioritize local sourcing and sustainability.**

2.2.1. Storage methods

The data on storage characteristics for the specified product categories reveals notable trends among the AFNs. In 2022, refrigeration was the predominant method used by all AFNs for storing vegetables, fruits, eggs, dairy, meat, and fish. Approximately 17% of AFNs reported utilizing shelf-stable solutions for vegetables, while a slightly lower percentage of 14% applied this method for fruits. For beverages, baked goods, substitute products, and other non-food items, refrigeration remained the most common storage option. Freezers were employed by only a few AFNs, primarily for ready-to-eat meals and baked goods. These findings highlight the AFNs' reliance on refrigeration to maintain product quality and freshness, indicating a strong commitment to providing consumers with high-quality food options. The use of shelf-stable solutions for certain products suggests an effort to diversify storage methods while ensuring accessibility and convenience for consumers.

Overall, **these insights underscore the importance of effective storage practices in supporting the operational efficiency and sustainability of Alternative Food Networks.**

2.2.2. Distribution channels

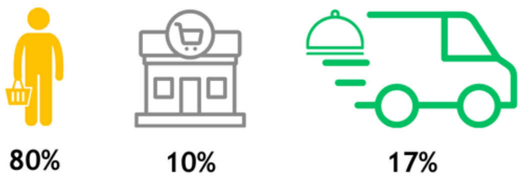
Approximately half of the AFNs offer shopping directly at their production sites, while around 30% provide their own delivery services. About 24% utilize a transport service for deliveries, and 14% engage in direct sales at market stalls. These statistics indicate **significant potential for improving and optimizing distribution and delivery services among AFNs.**

Enhancing these logistics could lead to greater efficiency and accessibility for consumers, ultimately strengthening the networks' impact on local food systems. The findings suggest that while many AFNs have established effective channels for reaching customers, there remains ample **opportunity to refine their distribution strategies to better serve their communities and expand their market reach.**

2.2.3. Key customers

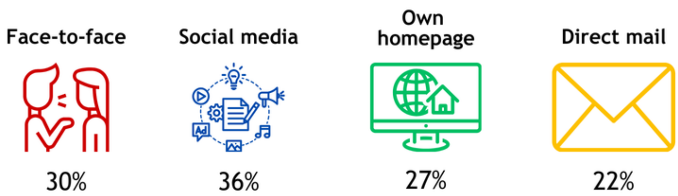
When asked to identify their target customers or market segments and indicate the percentage of total distribution, nearly 80% of the AFNs reported serving private consumers, while 17% cater to the HoReCa sector (Hotels, Restaurants, and Cafés), and approximately 10% serve retailers. This data highlights that the primary customer base for AFNs consists predominantly of private consumers, with HoReCa and retailers playing a lesser role in their distribution strategies.

These findings suggest that while AFNs have established a strong connection with individual consumers, there is room for growth in targeting other market segments. By expanding their reach to include more businesses within the HoReCa sector and retailers, AFNs could enhance their market presence and contribute further to local food systems. Overall, the emphasis on private consumers underscores the importance of community engagement and direct consumer relationships in the operations of Alternative Food Networks.



2.2.4. Marketing channels

The most critical activities for Alternative Food Networks (AFNs) are marketing and advertising, noted by 69%, **and logistics and warehousing**, noted by 63%. Additionally, **transportation of food products** is important for 56% of AFNs, while **administrative operations** are significant for 50%. This data indicates a strong focus on managing costs related to production, labour, and the transportation of goods, emphasizing the importance of efficient resource allocation in these areas.



The choice of **advertisement channels** used confirms the importance for AFNs of direct **face-to-face communication**. In fact, almost 30% of AFNs use this mode of communication (i.e. direct face-to-face) as an advertisement channel. However, this is only the second most used advertisement channel by AFNs, topped only by **social media** (36%). Other web channels such as own **home page** (27%) are also frequently used. Other common marketing methods include online **advertising** (23%), **direct e-mail** (22%), with only a few instances of **offline advertising** (12,2%).

2.2.5. Value proposition

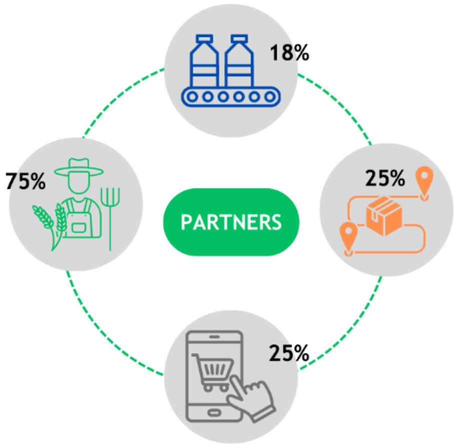
When examining revenue sources, nearly all AFNs (94%) reported that **their primary revenue comes from product sales**. Additionally, 12% indicated **delivery as a revenue stream**, while 6% stated **other sources** such as merchandise, service charges, gift cards, and loyalty programs. Notably, 47% of respondents identified logistics and warehousing, along with transportation and logistics of food products, as essential activities for their value proposition, ranking just behind food and beverage production at 65%, which is the core focus of these organizations. To effectively deliver their value proposition, AFNs require specific resources.

The key resources identified include **know-how** (71%), **brand/communication** (47%), **consumer needs** (35%), and **motivation** (35%). Importantly, one in four AFNs highlighted the significance of **distribution channels** as a critical resource.

These findings underscore the importance of product sales as the primary revenue driver for AFNs while also highlighting the critical role of logistics and transportation in their operations. By recognizing the essential resources needed to enhance their value proposition, AFNs can better position themselves to meet consumer demands and optimize their operational efficiency.

2.2.6. Key partners

Some of these resources are better acquired through collaboration with specific partners and capacity building activities. Indeed, AFNs are organizations that are particularly interested in collaboration. When asked about the most important key partners or collaborators on which they rely, the answers were predominantly concentrated on local farmers (75%). Importantly, though, many AFNs (25%) indicated intermediaries (retailers, IT platforms, etc.) as key partners or collaborators. 19% indicated transport and logistics providers; slightly fewer (18%) mentioned food processors. One of four AFNs indicated the category other.



2.2.7. Market presence

Agriculture in Italy is primarily characterized by **small** and **medium-sized enterprises**, many of which are family-run businesses with deep-rooted connections to local and regional markets. These small-scale operations significantly outnumber larger enterprises, underscoring the importance of localized agriculture in the country. In the Emilia-Romagna region, Alternative Food Networks (AFNs) play a vital role in promoting local markets, high-quality products, and rural development. These networks, particularly those serving Bologna, showcase diverse models, such as Community Supported Agriculture (CSA), online platforms, farmers' markets, and cooperatives, highlighting their essential contribution to the region's food system. **AFNs have emerged as a response to the limitations of conventional food systems, emphasizing sustainable practices, support for local economies, and community engagement in food production, distribution, and consumption.** This shift reflects a growing recognition of the need for more resilient and equitable food networks that prioritize the needs of local communities while addressing environmental concerns. The presence of AFNs in Emilia-Romagna not only enhances access to fresh and quality food but also fosters stronger relationships between producers and consumers, thereby reinforcing the region's agricultural heritage and promoting sustainable development.

2.3. Challenges and opportunities for AFNs

AFNs in Emilia-Romagna face **several challenges** despite their development and organization. Key challenges include navigating complex food safety regulations, which can hinder operations if compliance is not maintained. AFNs also struggle to compete with large agribusinesses that dominate the market, making it difficult to gain market access and remain competitive in terms of pricing. Another challenge is building and maintaining strong relationships with local farmers, which is crucial for AFNs' resilience but complicated by the diversity of local providers. Achieving integration and collaboration among various stakeholders, including in marketing and logistics, remains a challenge that, if overcome, could lead to cost reductions and environmental benefits. Additionally, AFNs in the region differ in their operational capacities, creating further difficulties in coordinating and leveraging synergies across diverse entities.

However, **several opportunities** exist for AFNs to grow and strengthen their impact. Collaborating with local farmers and cooperatives could enhance resilience, while diversifying food offerings and adding value through processing or branding can attract a broader customer base. Embracing digital platforms for marketing and sales can improve reach and efficiency, and partnerships with the tourism industry could capitalize on Emilia-Romagna's culinary heritage. Educational initiatives, certifications, and government support programs offer ways to raise awareness, improve credibility, and access financial resources. Furthermore, export opportunities, networking with other AFNs, and adaptation to climate change present additional pathways for expansion. By staying adaptable and informed, AFNs can leverage these opportunities to enhance their sustainability and competitiveness in the evolving food system.

In conclusion, while Alternative Food Networks (AFNs) in Emilia-Romagna face a range of challenges, including regulatory complexities and competition from larger agribusinesses, they also have significant opportunities for growth and impact. By fostering collaboration with local farmers and cooperatives, diversifying their offerings, and leveraging digital platforms for marketing and sales, AFNs can enhance their resilience and market presence. Additionally, partnerships with the tourism sector and engagement in educational initiatives can further strengthen their role within the community. With ongoing adaptability and a focus on sustainability, AFNs are well-positioned to navigate the evolving food landscape and contribute positively to local economies and food systems.