Interreg CENTRAL EUROPE
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Food4CE

TRANSNATIONAL BENCHMARK OF AFNs MODELS

Short report summary

Food4CE

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Food4CE

1. Executive summary

This report highlights the diverse practices and adaptations within Alternative Food Networks (AFNs) across Central Europe, revealing both strengths and challenges shaped by unique regional dynamics. By benchmarking 391 AFNs, of which 146 (37%) are advanced in their complexity level, the research highlights best practices and strategic areas for developing sustainable, resilient food systems.

A Business Model Canvas (BMC) survey indicates nearly half of the AFNs are highly developed, mainly targeting private consumers, retailers, and the HoReCa sector. Despite a strong preference for direct delivery and in-store shopping, only 10% of AFNs use parcel services, signaling a gap in delivery solutions for smaller networks. Social media and proprietary websites are essential for advanced AFN marketing, though Poland’s preference for face-to-face interaction points to slower digital adoption.

Product sales are AFNs' primary revenue source, but logistical and advertising challenges persist, with digitalization still a low priority. Key partnerships with local farmers, food processors, and logistics providers are critical, yet coordination remains an obstacle.

The reports highlights the need for collaborative policy support, knowledge-sharing, and stronger networks to advance sustainability and local economic growth. A proposed matchmaking platform could streamline logistics, enhance digital reach, and improve advertising, providing AFNs with greater visibility and resilience in an evolving market.

About the Food4CE project:

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.

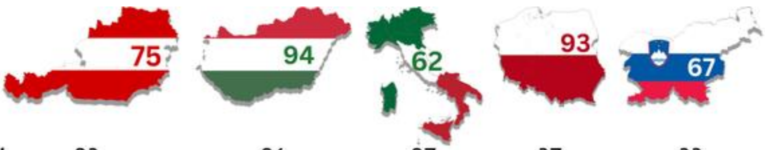
2. Introduction

This report presents a comprehensive analysis of Alternative Food Networks (AFNs) across several countries, highlighting their diversity in structure, complexity, and distribution channels. By conducting thorough desk research and targeted online surveys, 50 to 100 AFNs in each region were identified and examined, focusing particularly on their products, transport, and logistics services. The findings reveal notable trends in AFN characteristics, including the prevalence of advanced networks and various distribution methods. This introductory section provides an overview of the participating regions and sets the stage for a detailed exploration of AFNs, offering insights into their evolving roles within the food system.

Through desk research, 50 to 100 AFNs were identified in each country, and further analysed, detailing their products and transport and logistics services. In the second phase, a more detailed analysis focused on advanced AFNs that offer logistics services. This analysis was conducted through online surveys that explored their business models and logistics systems.

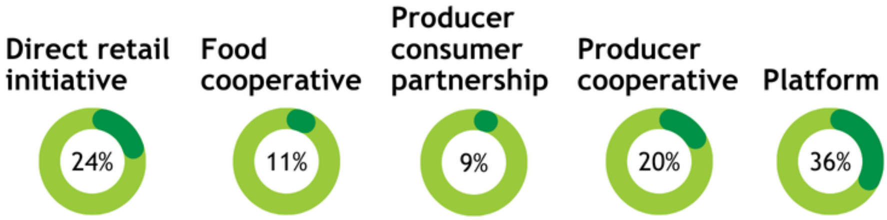
3. Overview of participating regions

The analysis of Alternative Food Networks (AFNs) across various regions revealed distinct trends in their complexity and distribution. In Slovenia, nearly half of the identified AFNs are classified as advanced, indicating a significant shift towards more complex food networks with integrated logistics and online platforms. Hungary presents a balanced distribution between direct and intermediary AFNs, with a smaller proportion of advanced networks, suggesting a diverse but generally less complex food network landscape. Austria also shows a well-balanced AFNs structure across all complexity levels, reflecting moderate complexity within its food network. In contrast, Poland exhibits a polarized AFNs landscape, with substantial proportions of both direct and advanced networks, and fewer intermediary networks, indicating a division between simpler and more complex models. Meanwhile, in the Emilia-Romagna region (Italy), there is a clear preference for advanced AFNs, with many networks moving towards higher levels of complexity, while a significant number of intermediary networks suggests a transitional phase towards more integrated systems. Overall, these findings suggest that **while AFNs are evolving in all regions, the pace and direction of their development vary, shaped by local factors and market demands.**

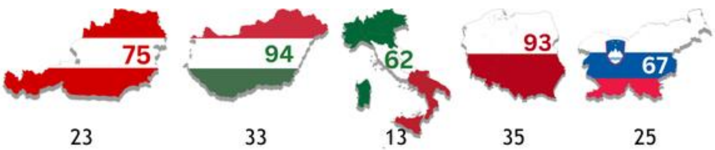


Advanced	23	26	27	37	33
Intermediary	28	34	21	19	18
Direct	24	34	14	37	16

The analysis of Alternative Food Networks (AFNs) across different regions revealed diverse preferences for specific forms of AFNs. In **Slovenia**, direct retail initiatives and platforms dominate, while food cooperatives and producer-consumer partnerships are rare, likely due to their logistical complexities and the need for high consumer engagement. In **Hungary**, platforms are the most common, followed closely by producer cooperatives and producer-consumer partnerships, particularly in the growing Community Supported Agriculture (CSA) sector, which extends beyond produce to include livestock. **Austria** stands out with a significant presence of community food cooperatives, which account for nearly half of its AFNs, reflecting the country's strong tradition of civil society cooperation. Conversely, producer cooperatives are rare in Austria. **Poland** shows a strong preference for platforms and direct retail initiatives, while **Italy**, particularly in the Emilia-Romagna region, has most AFNs operating as platforms, with producer cooperatives also playing a significant role. **Overall, platforms are popular across all regions, with Poland having the highest share, indicating a widespread reliance on digital and online sales channels for distributing products.**



The analysis of distribution channels used by Alternative Food Networks (AFNs) reveals significant regional variations reflecting consumer behaviour, infrastructure, and strategic choices. **Own delivery** is common across regions, averaging 26 cases, though less prevalent in Italy, where only 13 AFNs use this method. **Shops at the producer's site** are utilized in all regions but are notably scarce in Austria, with only 6 AFNs. **Parcel service deliveries** are similar in number to on-site shops but are particularly prominent in Poland, where nearly twice as many AFNs use this method compared to other regions, suggesting a higher adaptation to digital and remote purchasing. **Self-collection** emerges as the most popular distribution channel in most regions, especially in Hungary and Poland, where it exceeds 59 cases, highlighting a strong preference for direct consumer-producer interactions. Italy stands out with a significant use of **market stalls** (46), indicating a regional preference for market-based sales, while **roadside sales** remain a minor channel across all regions. These findings emphasize a general trend towards direct and personal engagement in distribution, particularly in Hungary and Poland, while Poland's notable use of parcel services points to a unique openness to digital distribution channels.



Own Delivery	23	33	13	35	25
Shop at Producers' site	6	17	26	12	25
Delivery by parcel service	9	28	22	43	23
Self-collection	45	62	27	59	34
Market Stall	8	5	46	15	18
Roadside sale	0	0	1	1	1

4. An analysis of AFNs' Business Models

A benchmark entails a comparative analysis with competitors. For this benchmark, the average was calculated from the responses of all participating AFNs. Subsequently, the regional averages were compared against the collective average. The survey completed by the AFNs was fundamentally structured to delineate their business models, with questions crafted in alignment with the Business Model Canvas framework.

The main results of the carried-out survey, which focused on the business model canvas, are presented below, however, they are further elaborated in regional reports of each participating country.

4.1. Product range

The analysis of product range and storage practices among Alternative Food Networks (AFNs) reveals a strong focus on **fresh produce**, particularly vegetables and fruits, which aligns with consumer expectations for variety and quality in locally sourced foods. **Vegetables** are the leading category, with many AFNs offering a wide range of options, while **fruits** also show significant variety, albeit in smaller quantities. Other categories like **drinks**, **eggs**, and **dairy products** are commonly available but in moderate quantities, reflecting their steady demand. **Baked goods** are typically offered in narrower ranges, and substitute products, which cater to specific dietary needs or preferences, are the least represented, suggesting a more niche market that fewer AFNs target.

Storage practices within AFNs predominantly favour **shelf-stable** and **refrigerated methods**, which are well-suited to the perishable nature of fresh produce, dairy, meat, and eggs. The even split between shelf-stable and refrigerated storage for fruits and vegetables indicates a need for versatility in preserving these products. The minimal reliance on **frozen storage** across all categories suggests that AFNs prioritize delivering fresh goods, likely due to consumer preferences and possibly due to limitations in their logistics and storage infrastructure for handling frozen items.

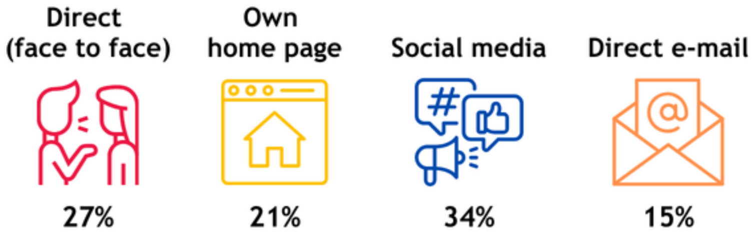
Overall, the emphasis on fresh produce and appropriate storage practices reflects AFNs' commitment to providing high-quality, fresh food directly to consumers, while also highlighting the challenges they face in expanding their offerings to include more niche or frozen products. This focus on freshness and local sourcing is a key differentiator for AFNs, catering to a market that values quality and direct connections with producers.

4.2. Channels

The analysis of distribution and advertising channels among Alternative Food Networks (AFNs) across various regions reveals significant regional variations shaped by cultural preferences, logistical considerations, and strategic business choices. In terms of distribution channels, **own delivery** emerges as the most prevalent method, reflecting a strong preference among AFNs for maintaining direct control over the distribution process. This method is particularly dominant in Slovenia, where over 70% of AFNs rely on it, indicating a strong emphasis on managing the entire customer experience. In contrast, Italy shows a strong preference for **shopping directly at the producer's site**, while Poland favours **market stalls**, illustrating regional differences in consumer behaviour and AFN strategies. **Self-collection** and **market stalls** are more commonly used in regions like **Hungary** and Poland, underlining the importance of direct, personal interactions between producers and consumers in these areas. The least popular distribution methods are **roadside sales** and **delivery by parcel** service, with the latter being underutilized, particularly in Poland, where reliance on outsourced transport services is minimal.

As AFNs grow more sophisticated, they increasingly rely on parcel services alongside their own delivery methods, allowing them to balance direct consumer engagement with the logistical demands of scaling their operations. However, this growth comes with challenges, particularly in maintaining the level of personal connection and trust that is easier to foster through direct distribution channels like market stalls or self-collection. The regionalization of these methods underscores the importance of aligning distribution strategies with local consumer preferences and the operational capabilities of the AFNs.

Advertising strategies among AFNs also reflect these regional differences. **Social media** is the leading advertising channel, used by over 34% of AFNs, showcasing a modern, digital-first approach that aligns with the broader trend of direct engagement and community building. This method is particularly prevalent in Hungary, where more than 50% of AFNs use social media for promotion, leveraging its broad reach to connect with a wide audience. However, this heavy reliance on digital platforms might limit the depth of consumer relationships, which are often strengthened through more personal, direct interactions.



In Poland, the focus on **direct advertising**, such as face-to-face interactions, complements the prevalent use of direct distribution channels like market stalls. This approach fosters stronger trust and loyalty among consumers, emphasizing the importance of personal connections in the Polish AFN market. While Poland maintains a balanced approach to **online promotion**, its commitment to direct advertising sets it apart from other regions, suggesting a strategic prioritization of building deep, trust-based relationships with consumers.

In conclusion, the regionalized distribution and advertising strategies of AFNs highlight the diverse approaches taken to balance direct consumer engagement with the need for broader market reach. While some regions, like Hungary, emphasize digital channels to maximize exposure, others, like Poland, focus on direct, personal interactions to build lasting consumer relationships. These strategic choices reflect the unique market dynamics and cultural influences in each region, shaping the way AFNs operate and connect with their customers.

4.3. Customer segments

The analysis of customer segments within Alternative Food Networks (AFNs) highlights the dominance of private consumers, who represent 76% of the target audience across all surveyed regions. This overwhelming focus on private consumers aligns with expectations and suggests that AFNs primarily cater to individual buyers. Retailers, the HoReCa sector (hotels, restaurants, and cafes), public catering, and wholesalers collectively account for a smaller share, with each segment significantly outnumbered by private consumers. However, regional variations offer insights into local market dynamics. In Italy, 17% of AFNs serve the HoReCa sector, reflecting the country's strong gastronomic culture and emphasis on fresh, locally sourced ingredients. Slovenia, on the other hand, places greater importance on public catering, indicating that Slovenian AFNs are particularly responsive to the needs of institutional kitchens and canteens. These differences underscore how cultural influences and specific market demands shape the strategic focus of AFNs in different regions.

4.4. Value proposition

The analysis of value propositions within Alternative Food Networks (AFNs) underscores the critical importance of product quality, which is overwhelmingly prioritized by 97% of AFNs. This focus aligns with consumer expectations, as high-quality, fresh, and locally sourced products are the hallmark of AFNs, setting them apart from traditional food chains. The emphasis on quality is further reinforced by 92% of AFNs identifying the quality and freshness of local food as the most crucial value for consumers, with taste and flavour also ranking highly.

Trustworthiness, reliability, and traceability are also key value propositions, with 73% of AFNs recognizing the significance of product traceability for consumers. This highlights the growing consumer demand for transparency and confidence in food sources. Other important values include seasonal variety, support for local producers, and fostering personal connections between consumers and producers, reflecting the community-centric ethos of many AFNs.

However, less emphasis is placed on **services like home delivery and ethical practices**, with fewer than 40% of AFNs considering these as primary value propositions. Surprisingly, only 55% of AFNs focus on offering products made from locally sourced ingredients, which suggests a potential area for further alignment with consumer expectations.

Price competitiveness is the least prioritized value, with just 8% of AFNs considering it significant, indicating that consumers of AFNs are more driven by quality and ethical considerations than by low prices. Overall, AFNs prioritize delivering high-quality, trustworthy, and locally relevant products, while less focus is given to competitive pricing and certain convenience factors.

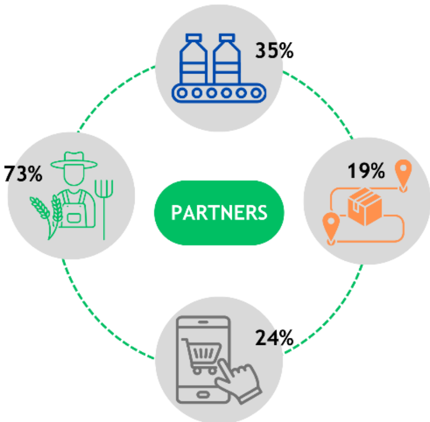
Regionally, the analysis uncovers specific preferences and challenges faced by AFNs. In **Poland**, a strong emphasis on locally sourced products is evident, although the low adoption of certifications suggests a gap between consumer expectations and AFN practices. **Slovenia** and **Austria** demonstrate a robust commitment to local producers and organic products, reflecting a shared value system focused on sustainability and localism. In contrast, **Italian AFNs** face a challenge in aligning their offerings with consumer values, as indicated by a lower percentage of locally sourced products compared to the high value placed on local sourcing by consumers. **Hungarian AFNs**, while similar in ranking, highlight the importance of lower prices and taste, suggesting a market that prioritizes affordability and flavour over premium quality.

Overall, the data illustrates that while a general trend towards valuing local and high-quality products is prevalent, the specifics vary significantly across regions. AFNs must navigate these regional differences by tailoring their value propositions to align with local consumer preferences and market conditions. This approach is essential for addressing the unique challenges and expectations within each market, indicating that a nuanced strategy rather than a uniform model is crucial for the success and sustainability of AFNs.

4.5. Key partners

The analysis of the Key Partners element in the Business Model Canvas reveals significant regional variations in the partnerships that Alternative Food Networks (AFNs) prioritize to enhance their operations and create value. Across all regions, **local farmers** emerge as the most crucial partners, with 73% of AFNs identifying them as key, underscoring the vital role of local agricultural producers in sustaining these networks. However, the degree of dependence on local farmers varies, with Slovenia showing the highest reliance (over 90%), reflecting a deep integration of AFNs within the agricultural sector, whereas Hungary shows a lower reliance at 53%.

Beyond farmers, food processors are recognized by 35% of AFNs as important partners, particularly in Slovenia, where 63% of AFNs highlight them as critical, indicating the value added through processing agricultural products. Intermediaries, including retailers and IT platforms, are noted by 24% of AFNs, especially in Hungary, where they rank second in importance, suggesting a greater reliance on distribution and sales facilitation in this region. Conversely, logistics providers are less emphasized, particularly in Poland, where no AFNs consider them key partners, indicating a preference for direct interactions between producers and customers.



These regional differences reflect the varying degrees of integration and dependence on different stages of the supply chain across AFNs. Slovenian and Polish AFNs appear more focused on raw materials and direct producer-consumer relationships, while Hungarian AFNs show a more balanced reliance on intermediaries and logistics, alongside local farmers. This diversity highlights how local market structures and distribution practices shape the strategic partnerships of AFNs, influencing their operational models and their integration within local economies.

4.6. Revenue streams

The analysis of revenue streams among Alternative Food Networks (AFNs) highlights a predominant reliance on **product sales** as the primary income source, with 92% of AFNs identifying it as key. This mirrors traditional retail business models, where income is largely driven by direct product transactions. However, regional variations in revenue generation strategies reveal diverse approaches tailored to local market dynamics. For example, Slovenian AFNs prominently leverage upselling, with 44% of them enhancing revenue by increasing the value of individual sales, while Poland shows a significant reliance on service charges, indicating a strategy that includes fees for additional services.

Italy's AFNs maintain a strong focus on product sales, suggesting a streamlined and product-centric operational model, whereas Hungarian AFNs display a unique approach with donations being highlighted as a noteworthy revenue stream, reflecting a community-oriented financial model. This blend of traditional and innovative revenue streams across regions underscores the adaptability of AFNs, enabling them to align their financial strategies with both global trends and specific regional opportunities.

The varied revenue strategies not only enhance financial sustainability but also allow AFNs to cater to the unique demands of their local markets. By adopting a mix of revenue streams, from direct product sales to upselling and service charges, AFNs can navigate the complexities of their respective environments while ensuring financial viability. This flexibility is crucial for their long-term success, allowing them to remain resilient in the face of changing market conditions and consumer preferences.

4.7. Key resources

The analysis of key resources across Alternative Food Networks (AFNs) highlights that specialized know-how is universally recognized as the most crucial resource, with 72% of AFNs identifying it as essential. This underscores the significant role that technical expertise plays in delivering valuable and unique propositions. Brand and communication also emerge as vital, noted by 63% of respondents, reflecting the importance of building a strong brand identity and effectively engaging with consumers. Additionally, understanding consumer needs is acknowledged by 55%, and motivation and human resources are also important, cited by 47% and 43% respectively.

In conclusion, while specialized know-how is universally crucial for delivering value, regional variations reveal differing strategic priorities. AFNs in Austria, Italy, and Slovenia focus more on technical expertise, whereas those in Poland and Hungary place greater importance on branding and communication. This regional disparity highlights the necessity for AFNs to align their key resources with their strategic goals and market demands, whether that be through expertise-driven approaches or brand-centric strategies, to effectively compete and connect with their target audiences.

4.8. Key activities

The analysis of key activities across Alternative Food Networks (AFNs) reveals distinct regional variations that reflect different strategic priorities and operational focuses. Food and beverage production is identified as the primary activity for 61% of AFNs, highlighting its central role in delivering the value proposition. Customer service follows closely at 52%, underscoring its importance in maintaining customer relationships and satisfaction. Marketing & advertising and logistics & warehousing are also significant, each at 41%, indicating their role in market presence and efficient operations.

However, digitalization, product development, and technology development are less emphasized, with lower engagement rates. This indicates a potential gap in long-term strategic planning, as these activities are crucial for sustained growth and competitiveness against both advanced AFNs and traditional food chains.

The diverse regional focuses of AFNs reflect tailored strategies that leverage local strengths and address specific market needs. Austria and Poland's concentration on production contrasts with Slovenia's focus on quality and Hungary's emphasis on marketing. **The overall lower prioritization of digital and developmental activities highlights a critical area for future growth, as AFNs must integrate these aspects to remain competitive and sustainable in a dynamic market environment.**

5. Transnational benchmark

This chapter offers an in-depth analysis of the Business Model Canvas elements for Alternative Food Networks (AFNs), revealing how each component shapes their strategic and operational approaches. Customer segments are predominantly private customers, with variations such as Italy prioritizing the HoReCa sector and Slovenia focusing on public catering. The value proposition centres on high product quality, with significant regional differences. Poland values local origin, Austria and Italy emphasize organic products and local sources, and Italy’s benefits align with regional trends but are generally below average. Channels are dominated by direct distribution methods, especially own delivery, with Slovenia showing a strong preference for this approach. Product sales are the primary revenue stream, supporting scalability but exposing AFNs to market risks. Key resources highlight the importance of know-how across all regions, with Poland and Hungary placing greater emphasis on brand and communication. Key activities focus on food and beverage production, customer service, marketing, and logistics, while digitalization and technology development are less prioritized. Local farmers are crucial partners, followed by food processors, intermediaries, and logistics providers, with regional variations such as Poland's minimal reliance on logistics. Overall, AFNs are characterized by a commitment to quality, local sourcing, and direct customer engagement, with regional adaptations shaping their strategies and operational priorities.

6. Challenges and opportunities

The research highlights various challenges and opportunities faced by Alternative Food Networks (AFNs) in different countries, revealing both commonalities and regional specifics.

Slovenian AFNs benefit from high consumer and farmer awareness about the origins and quality of food. This awareness, combined with supportive government policies and environmental commitment, fosters strong local networks and efficient cost-sharing among farmers. However, challenges include fragmented production, seasonal output variations, complex logistics, and stiff competition from large agribusinesses. Limited consumer awareness also hinders market growth, emphasizing the need for targeted strategies to enhance operational efficiency and market visibility.

Hungarian AFNs are shaped by cultural, policy, and technological factors. The presence of local products with historical significance supports AFN growth. Supportive policies, including regional subsidies and innovation incentives, help AFNs thrive. Nonetheless, AFNs face challenges such as low consumer awareness, infrastructure inefficiencies, regulatory barriers, and limited access to resources for small-scale producers. Addressing these issues requires a comprehensive approach involving policy adjustments, enhanced public awareness, and support for small-scale farmers.

Italian AFNs are influenced by social dynamics and the impacts of the COVID-19 pandemic. The rise of Solidarity Purchasing Groups (Gas) has strengthened community connections and local producer relationships. The pandemic accelerated the shift towards direct sales channels, highlighting AFNs' resilience and flexibility. Key challenges include stringent food safety regulations, competition from larger agribusinesses, and variability in network expertise. Strengthening local farmer partnerships and navigating regulatory compliance are crucial for enhancing AFNs' stability and growth.

Austrian AFNs benefit from supportive policies and a thriving tourism sector. Government initiatives promote short supply chains and local markets, while tourism drives demand for authentic, locally sourced foods. Challenges include competition from large retail chains, regulatory complexities, and limited public awareness. Strategies to overcome these challenges involve boosting marketing efforts, simplifying regulations, and improving financial access.

Polish AFNs face complex regulatory procedures, intense competition from large corporations, and low public awareness of local and organic food benefits. Financial constraints also hinder smaller AFNs. To advance, Poland's AFNs need streamlined regulations, increased public awareness, and improved financial support.

Across all regions, common challenges include regulatory barriers, competition from larger agribusinesses, limited consumer awareness, and resource access issues. Addressing these requires simplifying regulations, increasing consumer education, and improving financial and technical support for small-scale producers. Opportunities for AFNs include contributing to local economic development, environmental sustainability, social connections, and food security. By leveraging collaborative advocacy, knowledge sharing, capacity building, market development, and networking, AFNs can enhance their effectiveness and reach, ultimately strengthening their role in sustainable agriculture and local economies.