Interreg CENTRAL EUROPE

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Food4CE

BEST PRATICES AND LOGISTICS SOLUTIONS OF AFNs IN AUSTRIA

Short report summary

Disclaimer

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1. Executive summary

This report analyses **five best practice cases** and **logistics solutions** within Alternative Food Networks (AFNs) in **Austria**, with a focus on key aspects such as **sustainability**, **digitalization**, **transparency**, **local focus**, and **advanced logistics**. The analysis was carried out with the help of an Excel tool that was also developed as part of the Food4CE project.

Alternative Food Networks (AFNs) play a crucial role in connecting local food producers, consumers, and key stakeholders, such as resellers and logistics providers, serving as driving forces behind Short Food Supply Chains (SFSCs). Among these, certain best practice cases stand out for their innovative approaches and significant impact. These pioneering AFNs set new standards and have often developed exemplary logistics solutions—encompassing processes, technologies, use cases, and business models—that can be adopted by other AFNs, either directly or in an adapted form. These solutions focus on **critical areas** such as **warehousing**, **transportation**, **logistics processes**, and **IT applications in logistics**. By sharing and disseminating these best practices, pioneering AFNs inspire others to explore new or alternative approaches while helping them develop tailored solutions to their specific logistics challenges.

The findings of the report indicate that the AFNs under consideration are quite homogeneous in their assessment showing that **they perform well in sustainability and transparency, while digitalization and logistics still offer opportunities for improvement**. Currently, most AFNs still organize their own deliveries, mainly using vans and trucks. Storage is not outsourced, and the technology in the warehouses is not particularly advanced, which, however, can also be explained by the size of the AFNs. All of them attach great importance to environmentally friendly packaging materials, including transparency for consumers.

High quality, which is very important to AFNs, refers not only to the products, but also to the producers, and this is mentioned as one of the most important success factors. In addition, the **involvement of customers and stakeholders** through information events, factory tours and customer loyalty programmers are emphasized in order to ensure transparency and traceability.

In summary, the five cases of Austrian AFNs considered are highly developed and their efforts in terms of sustainability, transparency and regionality are advanced, whereby smaller AFNs still show an increased need for support in logistical processes.

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 (KTP) and the Matchmaking Platform (MP) 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. These tools will facilitate knowledge exchange across regions, creating a strong 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 integrating local and transnational Innovation Hubs with cutting-edge tools and strategies, the project seeks to establish a long-term support framework that will continue to drive collaboration and innovation beyond its completion.

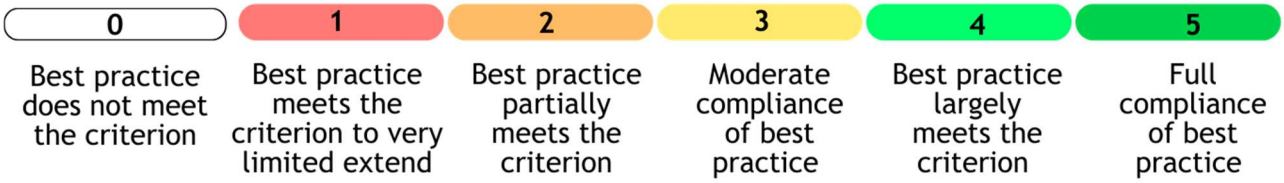
2. Tool for best pratice asssessment

The best practice assessment was carried out using a **specialized tool for mapping best practices and logistics solutions** developed within the project. This tool can also serve as a self-assessment resource for AFNs and other stakeholders.

Using this tool, each potential best practice AFN was evaluated based on the extent to which it fulfils key criteria, including **advanced logistics, digitalization, local focus, sustainability,** and **transparency**. Each of these criteria encompasses multiple aspects:

- **Advanced logistics** refers to the efficiency and organization of logistics operations within AFNs, such as offering multiple delivery options for customers.
- **Digitalization** focuses on comprehensive information flow along the supply chain, including user-friendly shopping experiences.
- **Local focus** reflects an organization's commitment to its regional identity, demonstrated through strong ties with local institutions and stakeholders.
- **Sustainability** addresses environmental, economic, and social aspects, such as a focus on organic farming, carbon footprint reduction, and fair-trade practices.
- **Transparency** ensures trust through clear and verifiable measures, such as food certifications and quality seals.

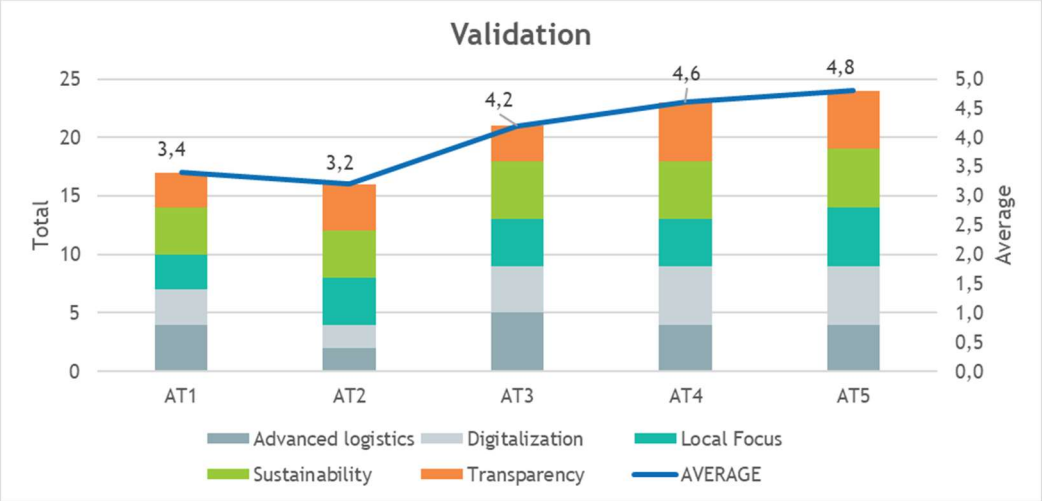
Each AFN was evaluated against these criteria using a **0 to 5 rating scale**, where **0** indicates that the best practice does not meet the criterion, **1** means it meets the criterion to very limited extend, **2** means it partially meets the criterion, **3** signifies moderate compliance, **4** indicates that it largely meets the criterion, and **5** represents full compliance.



To provide a simplified comparison, the **average score** for each AFN was calculated and plotted as a line on the graph, showing overall performance across the different criteria. Only AFNs with an average score **higher than 3** (above the average) **qualify as best practice AFNs**.

3. Best practices and logistics solutions

Looking into overall performance of **five best practice cases in Austria** (AT1 – AT5), across the different criteria, shows **a relatively uniform pattern, with no major variations in performance.** AFNs that receive high ratings (such as AT3, AT4 and AT5) tend to score well across all criteria, while those with slightly lower overall averages also show consistently lower scores across all areas (AT1, AT2). **Sustainability** (green) and **local focus** (blue) seem to be consistently strong across all AFNs, while also **transparency** (orange) show a balance performance across best practices cases. In contrast, **digitalisation** and **advanced logistics** show weaker results, indicating areas where improvements are needed.



The detailed analysis of criteria's reveals that, there are several **strengths** among the Austrian AFNs, with **sustainability standing out as the most developed area**.

All the AFNs prioritise environmentally friendly practices, such as minimising packaging and using eco-friendly materials where necessary. The packaging is being avoided wherever possible, but if it is unavoidable, environmentally friendly packaging materials are used. These materials are also made transparent to the consumer, either by an inscription on the packaging itself or by detailed information on the homepage.

Energy generation through photovoltaic systems, hydropower, and bio-waste utilisation further reduces their carbon footprint. The topic of energy is being followed with particular attention by all AFNs and measures to reduce CO2 are being implemented wherever possible. The available surfaces are used to generate energy, for example, by means of photovoltaics or hydropower or the utilisation of biological waste that can no longer be sold. Appropriate power plants on roofs or on the lands of the producers provide valuable energy for the operation of the AFN.

Transportation presents the greatest potential for cost savings in this area. As shown, transportation practices are also well aligned with sustainability goals, with air freight being avoided or deliveries restricted to a 50–100 km radius to minimise environmental impact. Alternative drive systems are increasingly being used, especially in the van sector. In particular, AFNs, which pay particular attention to sustainability, are among the pioneers in the use of electric mobility.

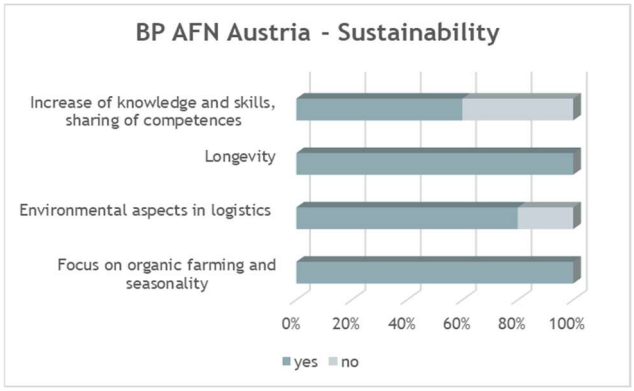
Transparency is another significant strength, fostering trust and engagement with consumers. Many AFNs involve customers directly through factory tours, events, and loyalty programmes, which create a sense of connection and brand loyalty. On the other side also, a strong connection is established with suppliers, which are often closely involved in the AFNs' activities, whether through personal contact, mutual codes of conduct, the setting of standards or the explicit naming of suppliers to consumers.

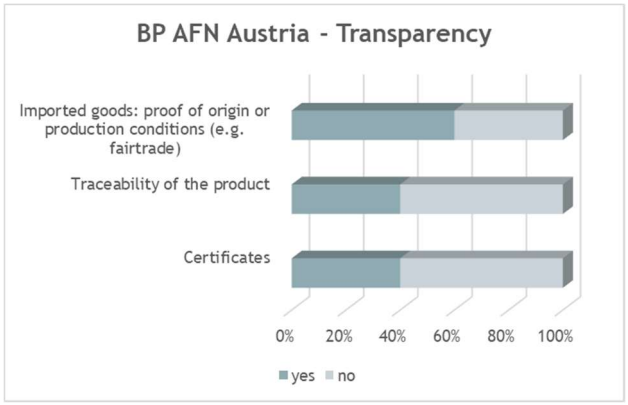
Alongside transparency, a strong **local focus** ensures that regional and sustainable products remain central to AFN operations. High quality was mentioned as one of the most important success factors, whereby quality refers not only to the products but also to the food producers. They guarantee sustainability, locality as well as regional responsibility and fair working conditions, with their name and reputation.

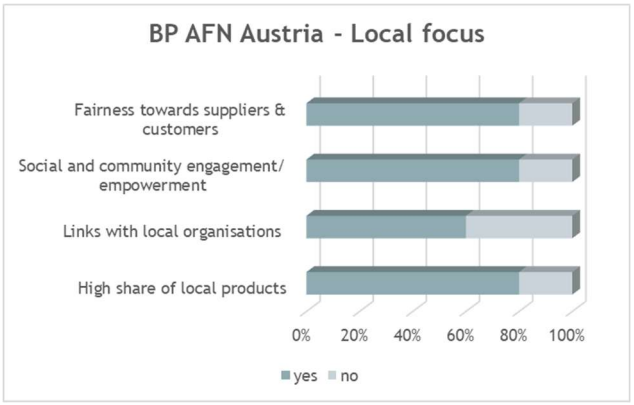
ASSESSMENT OF

BEST PRACTICE CRITERIA

(in detail)



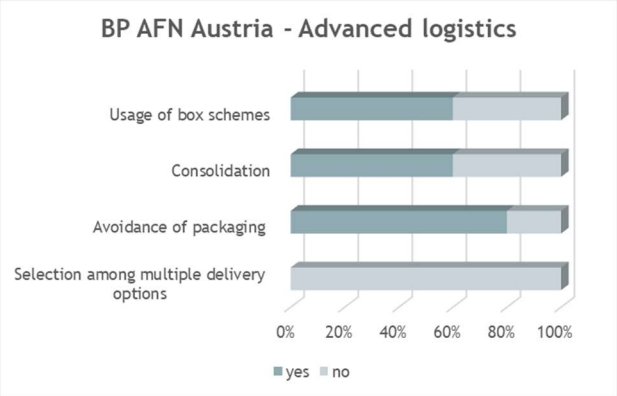


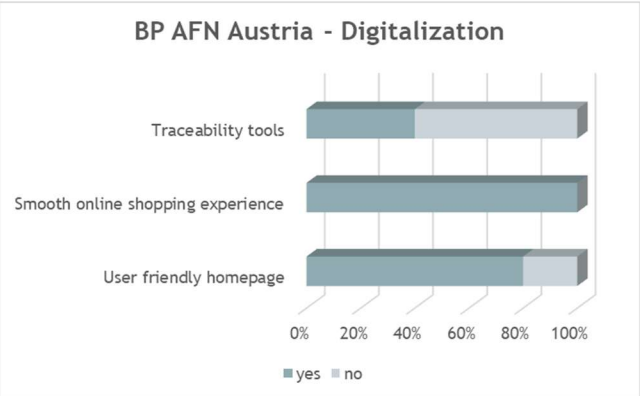


Especially in field of **advance logistics** and **digitalization** also some **weakness** can be noticed. It seems that the selection of the delivery option by the customer is not yet common practice. The choice of the means of transport by the customer, however, runs counter to optimal bundling and therefore the choice must be weighed against the effects on sustainability (both economically and environmentally). Route optimisation tools are often used for transport which ensure route planning that keeps CO2 emissions as low as possible. Tracking tools, which are essential for consumers for their convenience, are not yet available in this area yet.

The traceability of delivery to the customer is not yet well developed, especially for smaller AFNs, nor is the transparency of the path of the products to the AFN, unless they are produced by the AFN itself. Both deficits are probably due to the **lack of digitalization**, which is a major challenge for small AFNs, both financially and technically/organizationally. However, it has been noticed that all AFNs have user-friendly homepages that includes product information. In cases where a web shop is available, IT solutions are also integrated to facilitate the ordering process. Product traceability is improving, with some AFNs implementing QR codes and other ID technologies to enhance transparency.

When evaluating digitalisation and advanced logistics, the size of the AFN must be taken into account. For small AFNs, investing in sophisticated technical tools is often economically impractical and leads to unnecessary workload. However, as AFNs expand, such investments can become more justified and beneficial to their operations.





4. Conclusion

Most of the AFNs related to the best cases studied have been operating for some time, giving them both the experience and the necessary scale to adapt to market trends and developments. However, their growth is hindered by a lack of sufficient market support. This is evident in challenges such as the limited availability of vehicles with alternative drive systems and the significantly higher costs associated with sustainable solutions, whether in transportation or energy.

Smaller AFNs often struggle with **knowledge gaps in logistics processes**, an area outside their core expertise, making external support essential. Additionally, they frequently encounter difficulties in working with established logistics service providers, as their small order volumes are often not accepted.

A related challenge is also the **high implementation cost of sustainable solutions**. While AFNs strive to adopt electric vehicles and advanced energy systems, these technologies remain expensive, limiting their implementation. Financial barriers hinder the ability of smaller AFNs to compete with larger players while maintaining their sustainability goals

To overcome these challenges, several key areas require improvement:

- Digitalisation**: Digitalisation should be a priority** to enhance efficiency and transparency. This can be achieved through **investments in order processing systems, demand forecasting tools, and delivery tracking solutions**. Expanding the use of **route optimisation software** would further help reduce delivery costs and minimise environmental impact. Smaller AFNs, in particular, would benefit from **support programmes that provide affordable and tailored digital solutions** to meet their specific needs.
- Collaborative Logistics: From a logistics perspective, fostering **collaboration among smaller AFNs** could enable them to consolidate deliveries, reducing costs and increasing efficiency through **economies of scale**. Additionally, **shared warehousing facilities equipped with advanced storage solutions**, such as **temperature-controlled zones**, would not only improve storage efficiency but also create opportunities to expand product offerings, including frozen goods.
- Sustainable Innovation: Supporting **sustainable innovations** is equally crucial. **Financial incentives and subsidies** could facilitate the adoption of **electric vehicles** and **energy-efficient systems**, making these technologies more accessible to AFNs. **Pilot projects showcasing cost-effective solutions** could serve as valuable models for broader implementation.

- **Transparency and consumer engagement** should also remain a priority. Expanding the use of **traceability technologies**, such as **QR codes**, to include **delivery tracking**, would enhance trust and accountability. Additionally, **educational campaigns** highlighting the benefits of **local and sustainable food systems** help raise awareness and drive stronger market support.
- **Smarter Order Management**: The wider adoption of **box systems** allows customers to be informed online in advance about the contents of their orders, often with the option to make modifications. This not only enhances **customer satisfaction** but also improves **demand planning and forecasting**, ultimately reducing waste and optimising resource management.

In conclusion, while Austrian AFNs are highly developed in areas like sustainability, transparency, and regional focus, they face challenges in digitalisation and advanced logistics. Addressing these gaps through collaboration, financial support, and innovation will ensure that AFNs remain resilient, efficient, and aligned with their sustainability goals.