Interreg CENTRAL EUROPE

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Food4CE

ALTERNATIVE FOOD NETWORKS IN POLAND

Short report summary

Food4CE

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1. Executive summary

The report analyses Alternative Food Networks (AFNs) in Poland, which are an important link in local food systems and the promotion of sustainable production practices. The report describes the current state of AFNs, their business practices and links to the environment, primarily at the local level. The report addresses aspects of storage methods and distribution channels. Also describes who are the key customers, and partners, what marketing channels are used by ANF's. The report describes the results of a study on AFNs in Poland conducted in 2024, pointing out their strengths and weaknesses.

Of the 93 surveyed AFNs in Poland, 5 were identified as those with best practices. Most of them emphasise shortening supply chains, which fosters a direct producer (which can be a farmer or small processor) - consumer relationship. To differentiate themselves from commonly available food, producers have reoriented themselves towards the production of high-quality organic food or food produced in an integrated manner, i.e. with the use of minimal plant protection products and fertilisers, and in processing towards the use of old or regional recipes and technologies. Food produced in this way is aimed at residents earning above the national average and seeking healthy food.

The second part of the report describes the benefits and areas for improvement. Alternative Food Networks (AFNs) offer benefits such as improved cooperation and cost savings for small businesses, driven by shared logistics and economies of scale. Consumer preferences increasingly shape food production and pricing. However, low public awareness and limited promotion of AFNs hinder their growth. To enhance their impact, greater investment in marketing and education is needed. Key to AFNs' sustainable development are collaboration, consumer influence, and increased recognition, especially in light of COVID-19 and ESG goals, which present opportunities for deeper partnerships across the food system.

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, the 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 Poland

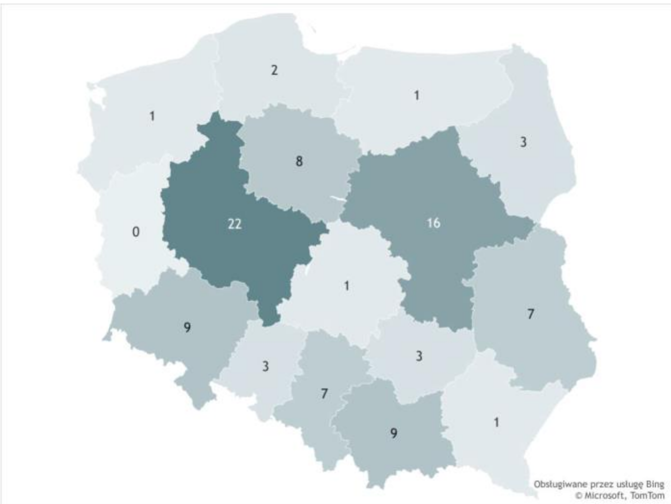
In Poland, the number and importance of alternative food networks (AFNs) has been growing steadily in recent years. The key to the development of most AFNs since their inception has been sustainable and locally sourced food, and as a result they have found favour with consumers who value quality and want to support local producers. In addition to good quality food, the direct relationship between producers and consumers is invaluable, allowing interactions such as suggestions for expanding the range, customer preferences, but also simple confirmation that what the AFNs are doing is appreciated by their customers. AFNs in Poland, despite their rapid growth, do not play an important role in the market due to the higher prices of the products offered compared to those offered in traditional food channels. However, they are important in keeping smaller food producers 'alive'.

The research identified **93 potential AFNs in Poland**, ranging from community- or publicly- supported agricultural initiatives, local farmer-managed markets, sales portals for local farmers, food co-operatives, urban farms and processors promoting local farmers. The reason for setting up or joining AFNs also makes the objectives of their existence diverse, ranging from providing income until retirement for producers to a new formula for life after working for corporations, a life path based on environmental protection to consciously fighting for the environment and changing the eating habits of Poles. Regardless of the above reasons, AFNs in Poland have become a viable alternative to conventional food, providing healthy, environmentally friendly and locally sold food. This fosters the building of previously unknown communities, the development of local economies, as it provides an outlet for the products of small farmers and producers in the region, who without short-chain sales would have to go out of business. An analysis of these alternative food networks in Poland is essential, as it will not only provide an understanding of how they operate but will also help in the promotion of sustainable and local food systems and in efforts to promote AFNs and their best practices.

2.1. Research overview

Of the 93 recognised AFNs in Poland, 40% were classified as **direct**, 20% as **intermediary** and 40% as **advanced** in terms of complexity. It is worth noting that **5 of these networks have been identified as potential best practice, representing 5% of all networks**.

Geographically, AFNs are concentrated in the two largest provinces, i.e. Wielkopolskie and Mazowieckie, where there are 22 and 16 Alternative Food Networks (AFNs) respectively, which together with the Małopolskie province (9 AFNs) represents 40% of the total AFNs.

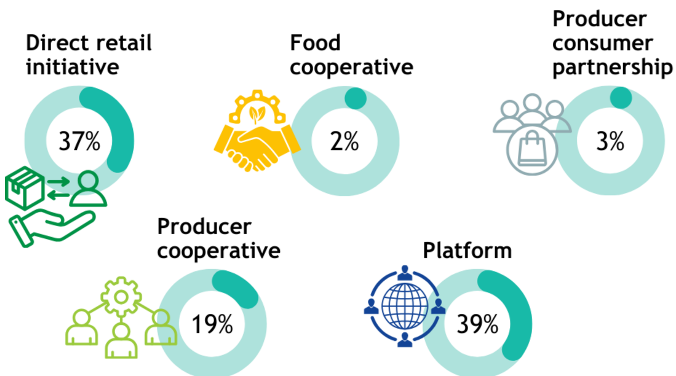


The AFNs in Poland offer a diverse range of products, mainly fresh and low-processed products, and less frequently frozen and refrigerated products. The most popular products in the product category are shelf-stable, i.e. not requiring special temperature control, which were offered by all AFNs. The most popular of these were fruit at 54%, followed by vegetables with 53%, ready-to-eat meals with 52%, stock products with 48% and drinks (45%). In the refrigerated products category, offered by 51% of AFNs, eggs and dairy products were found in 38% of AFNs, and meat and fish were marketed in 24% of AFNs. Frozen products were not available in any AFN.

Distribution channels also varied, with own delivery **being the most common**, used by 65% of AFNs, followed by shop at producer's site (47%) and delivery by parcel service, used by 39% of AFNs. Less popular is self-collection, which is available in 16% of cases, and periodic market stalls, which are operated in 13% of AFNs. Roadside sales were used by only 1 AFN. AFN usually use more than one distribution method.

Furthermore, five types of AFNs have been identified in the research: direct retail initiatives, food cooperatives, producer-consumer partnerships, producer cooperatives, and platforms. Direct retail initiatives involve producers selling directly to consumers, often using their own websites or social media channels, thus bypassing traditional distribution channels. Food cooperatives, which are community-centric and member-owned, were not identified in Slovenia. Producer-consumer partnerships allow consumers to pay an annual fee for a share of the harvest, with options for delivery to their homes. Producer cooperatives focus on streamlining production and distribution processes to enhance efficiency. Lastly, platforms act as digital shops and forums, boosting visibility and traceability for producers by allowing them to promote and sell their products online.

Among the AFNs analysed, platforms emerged as the most prevalent, representing 39% of the total share. Direct retail initiatives followed closely, accounting for 37%, while producer cooperatives made up 19%. In contrast, food cooperatives and producer-consumer partnerships were the least common, with shares of just 3% and 2%, respectively. The limited prevalence of the latter two can be attributed to the high level of customer involvement required. In these models, participants not only act as consumers but also take on the responsibility of organizing logistics, both from the farmer to the store and from the store to the end consumer. This added complexity likely contributes to their lower adoption rates.



In continuation, the results of survey analysis of AFNs with advanced level of complexity will be presented.

2.2. Assessment of advanced AFNs

The researched sample consisted of **37 advanced AFNs**, who participated in the survey. Only AFNs with advanced level of complexity have been chosen for the survey as it is most likely that their practices could serve as potential cases of best practices. Note: advanced level of complexity means that AFNs have their online platforms for selling their products and offer delivery with its own vehicles and/or through logistics operators. These AFNs consistently prioritize: a) direct sales of local food products to nearby customers and b) the optimization of product transportation. Often, they claim to source their products from local farmers and sell their products to customers in the neighbourhood. It is also important to minimise environmental impact, identify products, involve local farmers and communities and have a direct relationship between farmers and consumers. This demonstrates the desire of Polish AFNs to create **efficient**, and **socially responsible food systems**.

2.2.1. Storage methods

The storage methods for AFN's product assortment reveal a strong emphasis on freshness, with vegetables and fruits primarily stored in refrigerated units (79%). This indicates a commitment to offering freshly produced items. Eggs and dairy products also require refrigeration, which is standard due to their perishable nature. In contrast, meat and fish products are exclusively refrigerated, underscoring the need for strict preservation and temperature control.

Substitute and stock products demonstrate versatility in storage, typically not requiring refrigeration and often featuring longer shelf lives. Baked goods are generally suited for one-day storage, indicating a preference for immediate consumption or ambient temperature storage.

Ready-to-eat meals and beverages fall into two categories: one group necessitates quick sale and consumption, with the option for customers to freeze them at home, while the other consists of aseptically or heat-sealed products that can last several months. Non-food items are primarily stored on shelves due to their lower storage requirements.

Overall, **the lack of frozen goods across all categories highlights a clear consumer preference for fresh, daily products.**

2.2.2. Distribution channels

AFNs utilize various distribution channels for product delivery, with **own delivery being the most common method, averaging a usage rate of 65%,** followed by **shop at producer's site with 47%. External delivery services are frequently employed**, with an average usage rate of **39%**. **Self-collection** is utilized by 16 % of AFN, while periodic **market stalls** serve as a primary sales point with an average share of **13%**. Overall, AFNs predominantly favour using two to three different distribution channels.

2.2.3. Key customers

The customer base of the surveyed AFNs is quite diverse. In general, **private consumers** dominate and are the main customer group, with an average share of over **83%** for most AFNs. The remaining customers can be considered niche, although in a small number of AFNs they were important buyers of products. These include **retailers (14%)**, and wholesalers, distributors and **HoReCa** (hotels, restaurants and cafes) with a low share, usually not exceeding **6%**. Of the AFNs surveyed, none identified **public institutions** as a partner, which may be due to complex public procurement procedures and smaller scale of operation.

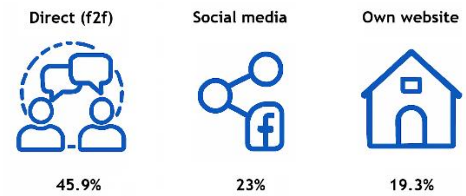
From a scientific point of view, it is important to understand the importance of the different customer segments, their needs and preferences. Yet this is crucial for the development of AFNs in terms of future growth and adapting their offer to the changing needs of their customers, and by increasing their market share and improving their competitive position.

2.2.4. Marketing channels

AFNs have recognized various advertising channels to promote their local products. Traditional media, such as newspapers, television, radio, direct mails and offline advertising such a flyers and brochures attract limited interest due to their high costs and the smaller scale of AFNs. Among traditional media the most frequently utilized channel is an offline advertising, accounting for 5% of their promotional efforts, primarily for occasional event promotions. Offline advertising tends to be minimal, focusing on vehicle branding and banners at company locations and sales points.

In contrast, digital marketing has become the cornerstone of customer engagement for AFNs. Nearly half of AFNs (about 44%) leverage digital channels such a direct emails, online advertising, own home page and social media platforms. The most popular is social media platforms, 23% of AFNs are using them for promotional, while their own websites—ranging from basic informational sites to fully developed e-commerce platforms—are also widely used (19,3%). Direct email is less common and representing about 5% of promotional activities, mainly serving order processing functions.

AFNs place significant value on direct communication and word-of-mouth marketing; 45,5% of the surveyed companies regard these methods as either the most important or second-most important channels for promoting their brand, alongside product quality.



This indicates a cautious reliance on digital marketing channels while still valuing traditional methods of personal customer engagement. Overall, the findings illustrate a vibrant and varied advertising landscape where digital platforms are dominate alongside conventional customer interaction strategies.

2.2.5. Value proposition

Among the fundamental activities that underpin the value proposition of AFNs, food and beverage production, customer service and quality control stand out as critical components. Over half of respondents emphasize their significance, highlighting a strong commitment to upholding high standards and ensuring customer satisfaction. Also an important respondents considered collaboration with other food producers, logistic providers or retailers (45%).

Marketing and advertising and packaging are recognized as less important (36%)- stated by about half of the AFNs - these activities are not prioritized to the same extent. Their primary role is to remind customers of the brand and promote new offerings and events.

Product development and technological advancements (18%) also plays a vital role in expanding the product range and encouraging trial purchases.

Less emphasis is placed on transportation and logistics of food products.

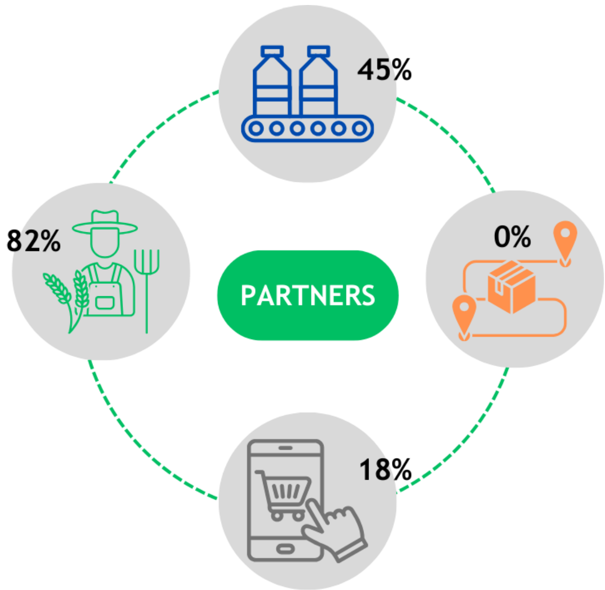
Administration operations and digitalization of production, selling or distribution processes did not score, largely due to the customer-oriented focus of most AFNs on fresh or minimally processed products.

The data clearly indicate that AFNs prioritize customer preferences and product quality, while also recognizing the importance of maintaining effective packaging, communication and promotion strategies.

2.2.6. Key partners

A significant majority of AFNs, specifically 82%, rely heavily on **local farmers** as their primary partners. Many of these farmers also engage in processing activities, while **local processors**, who source raw materials from these farmers, account for 45% of AFNs. This indicates a strong dependence on local agricultural and processing resources, emphasizing the importance of local sourcing.

By sourcing from local farmers, food processors facilitate a short supply chain consisting of three main links: the farmer, the processor, and the consumer. **Intermediaries** play a crucial role in 18% of AFNs, acting as entities that sell on behalf of farmers or source products from a limited number of local producers with a narrow product selection.



This structure highlights the interconnectedness within AFNs and underscores the importance of local partnerships in supporting sustainable food systems.

2.2.7. Market presence

An analysis of the operational years of AFNs within short food supply chains reveals an average duration of 13 years in operation. However, there is significant variability in this timeframe; some AFNs are relatively new, having been established for as little as 3 years, while others boast a long-standing presence of over 30 years. **The presence of AFNs with varying operational histories suggests a dynamic and evolving ecosystem in the short food supply chain sector.**

2.3. Challenges and opportunities for AFNs

The collaboration of different actors in Alternative Food Networks brings both benefits and challenges to the actors involved.

One of the most important benefits is cooperation between different actors **and** economies of scale, which leads to consolidation of logistics services and cost reductions, which is particularly important for small companies. Another key factor shaping AFN is the market power of consumers or individuals. Consumer preferences are increasingly influencing prices, driving changes in agricultural production and food provision.

A major area for improvement within AFN is the promotion and recognition of initiatives. Many alternative food chains are not sufficiently well-known among consumers and some are difficult to reach other than through the grapevine and by inviting a member of, for example, a food co-operative. Awareness of the functioning of AFNs in Polish society is low, which may lead to high-quality and sustainable products not reaching the consumers who are interested in them. It is therefore crucial to increase investment in marketing strategies to raise awareness of AFNs and thus increase their impact and reach.

In conclusion, cooperation, consumer market power, recognition and knowledge extension among both producers and consumers are key factors for the sustainable development of Alternative Food Networks. Current challenges, especially in the context of the COVID-19 and ESG targets, but also the needs reported by consumers, provide opportunities for increased collaboration between businesses, consumers and policy stakeholders to establish Alternative Food Networks as an integral part of a resilient and sustainable food system for the future.