



(New, rural) business models, their mechanisms and impacts

BM name	Dynamic Purchasing Platforms
Type	Short supply chains Social economy Job creation Climate change Territorial development
Sector	Agriculture Food Services
Organisational scale	Individual/private/family business Corporate business
Short description	Dynamic purchasing platforms match suppliers efficiently with purchasers. These platforms are both the business model for some enterprises but rely on facilitating other businesses. The impact of these technologies is to dis-intermediate the social, financial and physical distance and transactions between actors in a product relationship. These platforms can operate across a range of products – food, drink, re-used products – and may link into separate delivery services. There is a spectrum of these platforms ranging from payment services attached to social media platforms through to bespoke software.
Mechanism	The technology works by offering a decentralised and disaggregated online catalogue of products. Already systems exist to allow vegetables not yet harvested, or fish still on a trawler, to be marketed. The purchaser can select from this catalogue, either at a fixed price, an auction or a market. Vendors enter into the system as much, or little product, as they wish while purchasers can filter their choices based on their value decisions. Vendors can trade goods at a volume that suits them and/or sell used or repaired products. The synergies fostered are that vendors can remain at a smaller scale, keep more of the retail price of the item and/or that items that might otherwise be wasted can find a value.
Innovativeness	The dis-intermediation offered by these platforms is the key innovation, not requiring investments in warehousing, transportation or retailing infrastructure of traditional retailing. By providing opportunities for smaller vendors to connect with purchasers, it allows new entrants to the market and a new ecology of smaller vendors to exist. The purchasers can be private individuals, but equally, it can be institutional purchasers looking to connect with small and/or local vendors.
Value creation	Mixed – it offers opportunity for greater to be captured by primary producers, and those operating the platforms, but represents a loss to wholesalers and retailers.
Customers, product/service, revenue streams and main cost items	Customer(s): Households, public institutions Product(s)/service(s): Food, used products Revenue stream(s): Main cost items: Tech infrastructure provision, servicing financial transactions, enrolment into the system. Separate logistics arrangements required.



Societal impact	<p>Beneficial (e.g. energy transition, new jobs, empowering women to do business):</p> <ul style="list-style-type: none"> • Increased flows to smaller vendors • Opportunity to run smaller scale businesses • Possibilities to re-localise provision • Allowing smaller rural businesses opportunities in wider markets <p>Negative (e.g. pollution, spoiling the landscape, over-exploiting natural resources):</p> <ul style="list-style-type: none"> • Smaller retailers or merchants can lose out • Delivery of small volumes can be ecologically inefficient • Questions of product quality, and accountability
Rural-urban synergies	<p>Dynamic purchasing platforms offer rural businesses the opportunity to overcome their relative isolation by connecting them to other markets, including proximate ones in urban areas, but could also be rural to rural, without entering into the logics of scaling-up. They also offer the opportunity for the exchange of used items ranging from clothes through to farming and food equipment between areas. Efficient allocation of products and keeping materials in use conforms to the aims of a circular economy.</p>
Connections with labour market and employment effects	<p>Dynamic purchasing platforms have the potential to offer a range of employment from the occasional selling of a used item on a platform to the creation of full-time employment, their flexibility is inherent.</p>
Enabling factors	<ul style="list-style-type: none"> • Presence of trusted technical infrastructure • Mutual awareness of vendors and purchasers • Demand for goods; shared awareness of benefits • Supportive legal frameworks
Limiting factors	<ul style="list-style-type: none"> • Lack of demand • Regulation favouring dominant system of retailing • Lack of technical infrastructure • Lack of capacity of smaller enterprises to navigate compliance pre-requisites (e.g. in the case of public food procurement DPPs)
Key partners and actors directly involved	<p>Consumers Civil society (NGOs, CSOs) (Local) government (incl. administration)</p>
Role of (local) government	<p>Facilitator Regulator</p>
Connections with the institutional / policy environment	<p>The general connection between DPPs and other institutions is the regulation of sales and products. With the opportunity for DPP to be used to supply local public institutions, procurement criteria become a focus alongside price. Considerable support is necessary to ensure that current providers do not dominate the new platforms. As those with management capacity may be able to gain access and adapt to the procurement criteria more quickly than smaller enterprises.</p>
Internal/network governance arrangements	<p>There is a spectrum of governance arrangements in place from the very informal – as the vendor personally meets the purchaser through to complaint systems for purchases mediated through the system or contractual obligations when supplying institutions. All recognise the importance of fostering trust in the DPP and the transactions around it. Through the performance of trustworthy operations, the DPPs foster trust, and at times, such as the REKO-rings, more significant social interaction.</p>



<p>A typical example</p>	<p>www.freshrange.com – an innovative business providing a DPP platform linking food producers with purchasers at various scales from the household through to institutions. The integrated logistics in this business offers additional innovations in ecological efficiency as well as disintermediation.</p> <p>Reko-rings – operating across Scandinavia offering direct sales relationships between producers and purchasers via closed Facebook groups, with financial transactions conducted through an add-in to Facebook.</p> <p>eBay.com – a global market place focused on used products based mostly on auctions, with an integrated financial transaction service and dispute mechanism.</p>
<p>BM references</p>	<p>Reko Rings https://rural-urban.eu/sites/default/files/G-HEL3%20REKO%20Fair%20Consumption%20Network.pdf</p>
<p>Name Date</p>	<p>Matthew Reed, 31/03/2020</p>



ROBUST receives funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 727988.

The content of this publication does not reflect the official opinion of the European Union. Responsibility for the information and views expressed therein lies entirely with the author(s).