



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

BM name	Food coops
Type	Short supply chains
Sector	Food
Organisational scale	Shared societal; cooperative
Short description	Food-coops are fair retail, distribution and consumption chains. They offer consumers a way of buying products directly from the producer (e.g. farmer), without the need for middlemen.
Mechanism	Products are ordered online and picked up from a certain place at a certain time.
Innovativeness	The food coops operate via social networks as closed groups, where orders and deliveries are agreed upon. Basically, anyone can start a group in a suitable social network following some basic instructions. The groups operate voluntarily, and their administrators do not receive any salary for their work – often the administrators are the farmers themselves.
Value creation	Mixed
Customers, product/service, revenue streams and main cost items	Customer(s): Consumers interested in local food and local production. Product(s)/service(s): Food and other farm products. Revenue stream(s): There is no need for middlemen (retail chains), and thus customers pay directly to producers. Main cost items: Considerable working time needed for tracking orders, packing products, and taking them to customers.
Societal impact	Beneficial: <ul style="list-style-type: none"> <li>favours consumption of local food</li> <li>increases direct sales from the farmers</li> <li>enhances cooperation between farmers</li> <li>creates trust between farmers and consumers</li> </ul> Negative: <ul style="list-style-type: none"> <li>in case sales expand, food authorities need to regulate the product quality, i.e. potentially more bureaucracy</li> <li>volunteers used instead of employees; often however the farmers themselves are heavily engaging</li> <li>risk of inefficient logistics, e.g. because of the small amounts of products moved</li> </ul>
Rural-urban synergies	People living in cities and peri-urban areas can buy local food directly from the producer in nearby rural areas. Consumers living in cities can meet the producer of the food they consume, and even get acquainted with the food production site. Overall, an example of a win-win arrangement between urban dwellers and rural producers.
Connections with labour market and employment effects	In case sales grow, farmers need employees to track orders, pack products and take them to customers. This can create a significant growth in local jobs.



<b>Enabling factors</b>	<ul style="list-style-type: none"> <li>• Interest in local food which is a trend in many regions across Europe</li> <li>• Willingness to support local farmers and a fair food system and remuneration</li> <li>• Social media and ICT supporting information and coordination</li> </ul>
<b>Limiting factors</b>	<ul style="list-style-type: none"> <li>• Food trade is concentrated in large retail chains</li> <li>• Difficulties in finding enough customers willing to pay more</li> <li>• In case, the activity grows significantly, the needed administration can become overwhelming</li> </ul>
<b>Key partners and actors directly involved</b>	Individual businesses Consumers Civil society (NGOs, CSOs)
<b>Role of (local) government</b>	Regulator
<b>Connections with the institutional / policy environment</b>	Food coops aim at making agriculture more profitable. Frequently they are started by local, grassroots initiatives.
<b>Internal/network governance arrangements</b>	Food coops are an example of network governance. One needs to follow certain rules, but besides that basically anyone can start a food coop online. Farmers cooperate with each other and customers via networks. Authorities regulate.
<b>A typical example</b>	REKO in Finland – <a href="https://aitojamakuja.fi/en/what-is-reko/">https://aitojamakuja.fi/en/what-is-reko/</a>
<b>BM references</b>	<p>Lizarazo, C. (2017) REKO Markets: Community Building and Environmentally Friendly. Her Campus at Helsinki. <a href="https://www.hercampus.com/school/helsinki/reko-markets-community-building-and-environmentally-friendly">https://www.hercampus.com/school/helsinki/reko-markets-community-building-and-environmentally-friendly</a></p> <p>Ordering local food through social networks. (2016) Inspirational Ideas Newsletter, July 2016. EIP-AGRI. <a href="https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/field_core_attachments/nw_reko_20160712_en.pdf">https://ec.europa.eu/eip/agriculture/sites/agri-eip/files/field_core_attachments/nw_reko_20160712_en.pdf</a></p> <p>Ovaska, U. &amp; Muilu, T. (2020) Good Practice. REKO retail and distribution model. <a href="https://rural-urban.eu/sites/default/files/CoH_Good%20practice_REKO_end.pdf">https://rural-urban.eu/sites/default/files/CoH_Good%20practice_REKO_end.pdf</a></p> <p>Perkins, R. (2020) 500 REKO RINGS across Scandinavia! <a href="https://www.youtube.com/watch?v=NfdJ4678olQ&amp;feature=youtu.be">https://www.youtube.com/watch?v=NfdJ4678olQ&amp;feature=youtu.be</a> (7th May 2020)</p> <p>REKO (2020) <a href="https://aitojamakuja.fi/en/what-is-reko/">https://aitojamakuja.fi/en/what-is-reko/</a> (21st April 2020)</p>
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