



## Rural-Urban Outlooks: Unlocking Synergies (ROBUST)

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## Rural-Urban Governance Arrangements and Planning Instruments

### REKO (Rejäl Konsumtion – Fair Consumption) ring

Helsinki city-region, Finland

#### 1. Overview

The REKO (= Rejäl Konsumtion – Fair Consumption – Reilua Kuluttamista) retail and distribution model offers consumers a way of ordering products directly from the producer, without the need for middlemen. REKO rings operate via Facebook as closed groups, where orders and deliveries are agreed. The groups operate voluntarily and their administrators do not receive any salary for their work.

Consumers living in cities have the opportunity to meet their food producer and even get acquainted with the food production site in the countryside (e.g. farm), if agreed. For producers, REKO offers an opportunity to increase revenue through direct sales to consumers. The basic principles are that the operation does not include resale, production takes place as close to the consumer as possible and it is ethical (preferably organic) and transparent.

There are about 180 REKO rings in Finland, of which about 20 operate in the Helsinki city region. REKO model is connected with promoting food tourism in Helsinki and embedding local raw materials to urban food. Some very recent innovations, such as the applications of blockchain are now discussed in this connection.

#### 2. Main Challenges

REKO activity started in Finland in 2013 and so there is yet hardly any research on it. REKO is hoped to improve the profitability of production, but the results can only be seen when the operation has been running for a longer time. REKO is the most active in southern Finland. In some regions, REKO has lost its popularity after the first flush. Ordered foods must be picked at a certain time, which may be difficult especially for families with children.

A study in the South Ostrobothnia region showed that REKO is mainly considered a good supply channel by both producers and consumers, but there is more demand for local and organic products than there is supply in the area. REKO is a relatively easy way for consumers to get local food, but the producers meet more challenges. The follow-up and

compilation of consumer's order lists are quite time consuming and there must be enough sales to make the operation profitable.

Many producers have moved to direct online selling and deliver the orders themselves to the customer. In the Helsinki city region, the online shopping operates well, but the activities of traditional food buying clubs have met some loss of producers.

Key challenges are:

- > Profitability: How to ensure that REKO and other voluntary lead food delivery arrangements would be profitable for both consumers and producers?
- > Logistics: Many of the producers are small and the potential customers are scattered throughout a large area in the city region. How can the delivery be arranged in a sustainable and carbon-minimization way?
- > Use of REKO and other similar arrangements in tourism: REKO is based on voluntary cooperation while tourism development in the Helsinki region is lead mostly by the city and the travel enterprises. How could REKO be exploited for tourism, e.g. in the promotion of cultural and food tourism?

### 3. Main Insights

REKO operates on the internet via closed Facebook groups. So it is based on the digitalization, but not with a new technology, rather a new utilization of old ICT tools. In this sense, REKO can also be connected with smart development. However, it is difficult to say if the operation reduces mobility and carbon footprint, since the product delivery is based on the physical fetching dots to which the customers travel, in most cases by a private car. There is no research information yet on this issue.

Yet one cannot say either, if the REKO operation has created new companies in the local food sector in the rural areas which surround Helsinki or other large centres. But it has probably helped maintain the profitability of some farms and the small food refiners' action. In any case REKO shows that the people living in cities and peri-urban areas have an interest in direct food acquisitions from the nearby rural areas. This is an example of the win-win arrangement between urban dwellers and rural producers, which increases synergy between rural and urban areas.

REKO operation is a bottom-up and voluntary example on governance arrangements, because no formal administration is included in it. Conflicts have not at least been publicly connected to the operation. There is no significance on the administrative territorial borders in the REKO either.

#### 3.1. Insights related to the broad area of “network governance”

REKO rings operate in a highly competitive food market dominated by large operators. In Finland, food trade is concentrated in two retail chains (S and K), which account for more than 80% of the grocery trade. However, REKO does not compete with quantity but

quality. Its niche is based on a short food chain, a quality-consciousness customer base and lack of intermediaries. The activity is based on a voluntary network and governance structure where the role of the authorities is mainly to control food safety.

The profitability of the operation therefore depends on a direct producer-consumer relationship, so it is not vulnerable to market disturbances (e.g. anti-Russian sanctions that have hampered the export of Finnish food to Russia). The share of online food sales is still very low in Finland as well.

### 3.2. Insights related to mechanisms of cross-sectoral coordination and cooperation

Cross-sectoral coordination is simple, as there are only two actors in the network: consumers and producers. Naturally, there are many different kinds of individual members in both groups. However, it is not possible here to describe the mechanisms of the internal operation of REKO rings since they operate in closed Facebook groups.

Studies on this issue have not been published yet.

### 3.3. Insights related to the role of (actual, potential) social, organizational, institutional innovations

REKO can be called a Finnish innovation because it is founded by an individual organic producer and activist, Thomas Snellman. He got the idea of REKO when he visited France in October 2012. There he became acquainted with activities where producers made long-lasting, written contracts with consumers and many different producers came to the same place at a given time and distribution lasted an hour.

On this basis, Snellman thought that something similar should be developed in Finland and REKO was born in 2013. This online model operating through Facebook has raised interest in many countries and the founder has been telling his experiences in France, Belgium, Germany, Sweden, Denmark and Iceland. In 2017 Thomas Snellman was rewarded for developing the REKO local food model as the best Nordic catering company.

## 4. Effectiveness Indicators

The strengths of the REKO model include its flexibility, cost-effectiveness, short food chains and grassroots level urban-rural connectivity.

Flexibility arises from the fact that REKO networks are easy to set up. There is little governmental bureaucracy, with the exception of food authorities and law control. Activities are cost-effective because they are based on volunteering. Consumers pay for picking up products themselves and producers are responsible for bringing products to distribution sites. In Finland, as in most western countries, the food chain is dominated by large retail and wholesale companies.

REKO offers alternative and short supply chains. For residents, especially for families with children, REKO gives an opportunity to become acquainted with food producers and increase understanding about rural-urban interaction.

Weaknesses include sometimes weak continuity of the rings, in some cases the lack of a suitable driver and the inefficiency of decentralized logistics in relation to climate and sustainability goals. REKO rings are easy to set up, but they are also easy to stop. Especially for random customers this can cause problems. Volunteers operating in Facebook and food producers may also be tired of tracking and receiving orders when the customer base expands. REKO also adds the use of private cars when products are delivered to and picked from the distribution points.

## 5. Illustration and further information

Information on the REKO rings in Finland (including a Google map on their location and a link to YouTube video) can be found from page: [http://www.aitojamakuja.fi/reko\\_eng.php](http://www.aitojamakuja.fi/reko_eng.php)

REKO Facebook address (in Finnish) is <https://www.facebook.com/notes/reko-l%C3%A4hiruokarengas/reko-l%C3%A4hiruokarengas/1083104988435841/>

There are so far only a few studies and theses that deal with REKO. Some examples:

Borgelin, K. (2017). Kuka ostaa ruokaa Rekosta? Vaihtoehtoisten ruokaverkostojen kuluttajat (Who will buy food from REKO: consumers of alternative food chains). Master's thesis, University of Turku, in Finnish only. <https://www.utupub.fi/handle/10024/144022>

Honkola, S. & Savola, K. (2016). Lähiruokarengas kuluttajien ja tuottajien kohtaamispaikkana (Local food rings as a meeting place of consumers and producers. A study on REKO Järvilakeus, Southern Ostrobothnia). Thesis, Seinäjoki University of Applied Sciences, in Finnish only.

[http://www.theseus.fi/bitstream/handle/10024/114248/Honkola\\_Savola.pdf?sequence=1&isAllowed=y](http://www.theseus.fi/bitstream/handle/10024/114248/Honkola_Savola.pdf?sequence=1&isAllowed=y)

Rikkonen, P & Korhonen, K. & Helander, A.-S. & Väre, M. & Heikkilä, L. & Kotro, J. (2017). Onko lähiruokayrittäminen kannattavaa? – yrittäjien kokemuksia jakelukanavista (English abstract: Is local food production profitable? - entrepreneurs' experience of distribution channels). Natural Resources Institute Finland, Luonnonvara- ja Biotalous tutkimus 24/2017.

[https://www.luke.fi/wp-content/uploads/2017/04/luke-luobio\\_24\\_2017.pdf](https://www.luke.fi/wp-content/uploads/2017/04/luke-luobio_24_2017.pdf)

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