



# CoP Public Infrastructure and Social Services

## Example of Good Practice

April 2020

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## REKO retail and distribution model

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**Key words: local food, retail, distribution, social media, farmers, food-coops, online sales, customers**

### 1. Introduction

The REKO (**Rejäl Konsumtion** (sv) – **Reilua Kuluttamista** (fi) – **Fair Consumption** (en)) retail and distribution model offers consumers a way of buying products directly from the producer (e.g. farmer), without the need for middlemen (e.g. grocery stores). The products are ordered online and picked up from a certain place at a certain time. In other parts of Europe this type of retail and distribution models are called food-coops or online-sale. The REKO model contributes to the rural (-urban) services network. The REKO rings operate via Facebook as closed groups, where orders and deliveries are agreed upon. Basically, anyone can start a REKO group in Facebook following the instructions on the REKO website (<https://aitojamakuja.fi/en/what-is-reko/>). Once set up, producers and consumers can join a local REKO group for free. The groups operate voluntarily, and their administrators do not receive any salary for their work – often the administrators are the farmers themselves. Every one or two weeks, producers bring the ordered products to a certain place (marketplace, school yard etc.), where customers come and pick them up. The products can be paid with cash, card or bill.

REKO is intended to anyone interested in buying products directly from the producers and promoting local, often organic food production. The most active REKO rings operate in Southern Finland, particularly in the Helsinki region. Thus, REKO shows that also people living in cities and peri-urban areas have an interest in buying local food directly from the producer

in 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.

In Helsinki, interest in the REKO model is growing not only as consumers but as a business opportunity. There are plans to connect REKO with promoting food tourism in Helsinki and embedding local food to urban dishes. In addition to local customers in the rural areas, consumers living in cities have the opportunity to meet their food producer and even get acquainted with the food production site (e.g. farm), if agreed. For producers, REKO offers an opportunity to increase revenue through direct sales to consumers.

Figure 1: Juice from the Markkula berry farm



Source: Luke

## 2. Project intention / Background information

REKO is a Finnish innovation founded by the organic producer and activist Thomas Snellman in North-Western Finland. He wanted to develop a model, in which it would be easy to sell farm products to consumers who were interested in buying local organic food from nearby farms. In France, he became acquainted with activities where producers made long-lasting, written contracts with consumers. To deliver the products, farmers gathered in a given place at a given time for an hour to meet the consumers. On this basis, Snellman developed the REKO model in 2013.

At first, the idea was to keep REKO as a local activity for himself and the neighboring organic producers. They made two-month contracts with consumers following the French practice. As the model was found to be successful, it started to expand. There were more consumers interested in the activity, and consequently it became easier to get farmers involved in the REKO ring. Simultaneously, the binding two-month contracts were not needed anymore. Nowadays REKO operates online nation-wide, but due to logistical reasons, and the principle to prefer local food, the producer and consumer usually live in the same region. There are about 330,000-340,000 consumers, and 200 REKO rings in Finland (year 2018), of which about

20 operate in the Helsinki region. There are also active REKO groups in Sweden. In 2017 Thomas Snellman was rewarded for developing the REKO local food model as the best Nordic catering company.

Figure 2: Eggs sold in a REKO ring



Photo: Luke

### 3. Main Description

The REKO activity started in Finland in 2013, and so far, there is hardly any research on its economic impact on farms or the rural areas. The REKO model is hoped to improve the profitability of farm production, but the results can only be seen when the operation has been running for a longer time. REKO is mainly considered a good supply channel by both producers and consumers. REKO is a relatively easy way for consumers to get local (organic) food, and especially in the Helsinki region, the online shopping operates well. The REKO operation is based on local initiatives and bottom-up approach and is ran voluntarily. At the moment, there is more demand for local and organic food products than there is supply in many areas.

The producers meet more challenges. The follow-up and compilation of consumer order lists are quite time consuming. From the producer point of view, there must be enough sales to make the operation profitable. The share of online food sales is still very low in Finland, and thus there are practically no producers who can operate only via REKO at the moment. Furthermore, the REKO rings operate in a highly competitive food market dominated by large operators. Small-scale retail and distribution ring ran by volunteers and producers themselves cannot compete with quantity but quality. Its niche is based on a short food chain, a quality consciousness customer base and lack of intermediaries. The operation and profitability depends on a direct producer-consumer relationship.

The REKO rings are easy to set up, but they are also easy to close down. Volunteers and food producers operating in Facebook may also be tired of tracking and receiving orders. The weak continuity of the REKO rings can cause problems to customers, because they cannot be relied on. There is also a certain aspect of inefficiency in the decentralized logistics of REKO.

REKO is a relatively new operator in retail, and thus it is possible that its share of the markets will grow as the customer base expands. In Finland, food trade is concentrated on two retail chains (S and K), which account for more than 80% of the grocery trade (LIDL 10%).

REKO contributes to social and economic sustainability in the rural areas, as it favors the consumption of local (organic) food and direct sales from the farmers. The possibility of the producer and consumer to meet face-to-face is also important. There are plans to use REKO in tourism and promotion of local food culture, as described above in the Helsinki example. REKO is a social innovation, providing a better way than the previously existing practice to meet producer and consumer needs. The activity is based on a voluntary network governance arrangement where the role of the authorities is mainly to control food safety.

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