



TRUEFOOD

Traditional United Europe Food

Contract no. FOOD-CT-2006-016264

Instrument: Integrated Project

Thematic Priority: Food Quality and Safety (# 5)

D 5.4.11

Summary report on evaluation of innovative distribution strategies

Due date of deliverable: Oct 2009

Actual submission date : Oct 2009

Start date of project: 1 May 2006

Duration: 48 months

Organisation name of lead contractor for this deliverable: UGENT-P07

Prepared by: UGENT

Revision: 1

Project co-funded by the European Commission within the Sixth Framework Programme (2002-2006)		
Dissemination Level		
PU	Public	X
PP	Restricted to other programme participants (including the Commission Services)	
RE	Restricted to a group specified by the consortium (including the Commission Services)	
CO	Confidential, only for members of the consortium (including the Commission Services)	

National reports on evaluation of innovative distribution strategies

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Table of Content

1.	INTRODUCTION	2
2.	BACKGROUND	3
3.	METHODOLOGY	4
4.	RESULTS	7
4.1.	GENERAL COMPARISON OF THE INNOVATIVE DISTRIBUTION STRATEGIES.....	7
4.2.	ALL-IN-ONE PACKAGING	10
4.3.	REGIONAL CORNER IN THE SUPERMARKET AND IN OTHER POINT OF SALES	11
4.4.	FAST FOOD CHAINS.....	13
4.5.	JOINT DISTRIBUTION.....	14
4.6.	INVOLVEMENT OF THE CONSUMER	16
4.7.	NETWORKING FACILITIES	18
4.8.	JOINT PROMOTION	19
4.9.	SMALL AREA TERRITORIAL PENETRATION	21
4.10.	AGRO-TOURISM.....	22
4.11.	E-COMMERCE.....	24
4.12.	SPECIALTY SHOP	25
4.13.	MOVING OUTLETS	26
5.	CONCLUSIONS	28
	REFERENCES	29
	GLOSSARY	29
	ANNEXES	32
	ANNEX 1 – CALCULATIONS OF SWOT AND ACTION PLAN SCORES	32
	ANNEX 2 – QUESTIONNAIRE OF THE HUNGARIAN APPLICABILITY TEST	34

1. Introduction

This report is part of subtask 5.4 of the Truefood project and presents a summary of the evaluation of the innovative distribution strategies developed and tested in Belgium, Hungary and Italy.

The development of the innovative distribution strategies took place in several steps:

1. **Literature review & expert interviews:** Identification of problems related to the distribution of traditional food products (D5.4.1&2)
2. **Brainstorm sessions with stakeholders:** Collection of innovative ideas for dealing with distribution problems of TFPs and for the development of innovative distribution strategies (D5.4.5&6)
3. **Development of innovative distribution strategies:** based on results brainstorm sessions, expert panel for selection of strategies, description of strategies, incl. SWOT-tables + action plans (D5.4.7)
4. **Feasibility tests:** discussion of SWOT-tables and action plan steps with manufacturers of TFPs (D5.4.8&9)
5. **Review meetings:** exploring the suitability, feasibility and acceptability of the developed strategies by food manufacturers but also other members of the traditional food chain as well as support organizations of the food sector. (D5.4.10&11)

Within the subtask 5.4 the distribution chain is considered to include the food manufacturer, the distributor and the consumer (see Figure 1). However, in the reminder of this report it will be shown that for the successful implementation contribution is required of all members of the complete chain, including also the supplier of the food manufacturers.

This summary report is not only summarizing the results of the national reports of innovative distribution strategies (D5.4.10), but **providing an overview about the whole evaluation process** of the developed innovative distribution strategies, and hence including also of the reports D5.4.7 till D5.4.9 (see above).

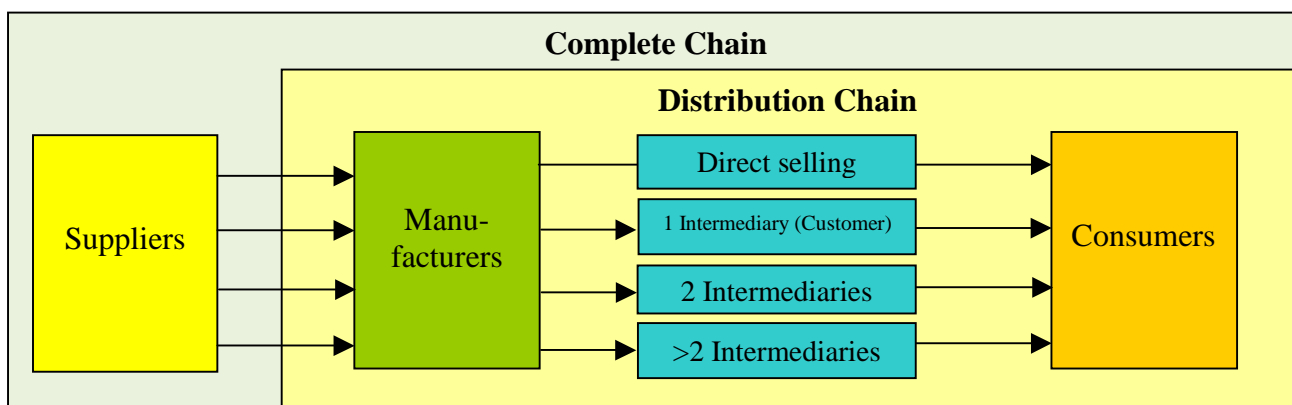


Figure 1: Integration of the distribution chain within the complete chain.

This report is structured as follows. First background information on the problematic of distributing traditional food products will be provided. Next, the methodology used is explained, followed by the result section. The result section is containing a part where the developed innovative distribution strategies are generally compared, followed by a part where each strategy is presented individually. The report will be completed by general conclusions.

2. Background

Distribution strategies may be developed to address a wide range of goals and objectives. For example, strategies might be focusing on improving delivered product quality, on improving or guaranteeing certain levels of customer service, or for the purpose of expanding market radius. They might be used to reduce capital investment and/or working capital requirements. Alternative strategies might be used to provide certain proprietary and exclusive added-value distribution services to customers, or simply to reduce cost of the delivered product or some combination of multiple objectives (Don Wilson 2006).

In particular **small and medium sized enterprises** producing traditional food products are facing difficulties by entering the classical distribution channels, such as wholesalers and supermarkets. For the small and medium sized enterprises alternative distribution methods (with fewer or more specialized intermediaries) provide opportunities, among others for applying cost saving methods. Recent developments show that organizations do not compete as independent firm anymore, but rather as **chains** (Cox, 1999, Lambert and Cooper, 2000). Thereby a chain is a set of three or more organizations directly involved in the upstream and downstream flows of products, services, finances, information and/or knowledge from a source to a customer (Mentzer et al, 2001).

Implementing a distribution chain strategy collaboratively with the other members of the chains generates additional mutual gains and savings for chain members. Though, chains lacking a chain strategy and having short-term perspectives face difficulties in envisaging and implementing cooperative solutions to problems they cannot manage alone.

Before implementing an innovative distribution strategy it is necessary to analyse how advantageous or disadvantageous it will be for the chains. For this reason the external impacts of the environment as well as the internal capabilities of the food chain members have to be reviewed.

In the management and strategy literature the analysis of internal strengths and weaknesses and external opportunities and threats (SWOT-analysis) is an often mentioned decision-making tool for evaluating the feasibility of a business idea or strategy before starting to implement it (e.g. Dyson, 2004).

The **SWOT analysis** is a tool to confront internal strengths and weaknesses with external opportunities and threats. Within Truefood WP5.4 first a **feasibility test** was conducted by means of in-depth interviews with single food manufacturers conducting a thorough SWOT-analysis and examining the developed action plans. In a second step, **review meetings** were conducted in order to evaluate the feasibility tested and adapted strategies with a larger group of respondents through discussion among them.

3. Methodology

The **review meetings** were the last step in the evaluation process of the developed innovative distribution strategies within WP5.4. The aim of the review meetings was to evaluate selected innovative distribution strategies with a larger group of stakeholders. Review meetings were either carried out in form of training sessions or workshops in the three participating countries, Hungary (HU), Italy (IT) and Belgium (BE).

Following strategies were evaluated during the different review meetings:

- **All-in-one packaging (HU, BE)**
- **Regional corners (HU, IT)**
- **Fast food chains (IT, BE)**
- Joint distribution (BE)
- Involvement of the consumer (BE)
- Networking facilities (HU)
- Joint promotion (HU)
- Small area penetration (IT)
- Agro-tourism (IT)

Thus, in each country four **innovative distribution strategies** were evaluated. Thereby, three strategies were tested in two countries at the same time. These are All-in-one packaging, Regional corners and Fast food chains. Three developed innovative distribution strategies were not evaluated during the review meetings. These are E-commerce, Specialty shops and Moving outlets. The choice of strategies for evaluation was based on the preferences of the respondents or based on the results of the feasibility tests.

The review meetings were conducted between **February and June 2009** and were composed of not only food manufacturers but also of other stakeholders of the chain. In total 43 **participants** joined the review meetings in the three participating countries, ranging from micro to medium sized enterprises and covering several sectors and chain levels. Included sectors are for example meat, coffee, fruit, bakery, alcoholic beverages, and poultry. Included chain levels range from aroma and food additive suppliers, to the chilling and canning industry, till the distribution level. Furthermore, also support organizations of the food industry were included.

The review meetings were **conducted** in all three participating countries following a certain **order of steps**.

- 1) Presentation of the aim of the review meeting and the tools used, such as SWOT-analysis and Action plans
- 2) Presentation of all twelve developed, feasibility tested and adapted innovative strategies to the participants
- 3) Choice of four strategies for evaluation during the review meeting
- 4) Evaluation of the selected strategies through discussion in smaller groups (by means of a clear example/traditional food product)

A **SWOT-analysis** is conducted as follows. First, the determinants that support or hamper the achievement of the vision and mission of the organization (single enterprise or chain) need to be identified and analyzed in order to develop a sound strategy. As mentioned above, SWOT-analysis is a method to confront strengths (S) and weaknesses (W) with opportunities (O) and threats (T). In order to match O&T with S&W following questions must be evaluated as presented in Table 1.

Table 1: SWOT-table

		Opportunities					Threats				
		o1	o2	o3	o4	o5	t1	t2	t3	t4	t5
Strengths	s1 s2 s3 s4 s5	To what extent can this strength help to use the opportunity better?					To what extent can we use this strength to fight this threat?				
Weaknesses	w1 w2 w3 w4 w5	To what extent does this weakness hinder making use of this opportunity?					To what extent does this weakness make this threat more threatening?				

The extent is expressed in four categories: 3 = very important, 2 = important, 1 = some importance, 0 = not important / relevant. Thereby, for each O and T a maximum of 12 points can be applied (Sum of points for each of the listed opportunities and threats). However, note that these 12 points are a maximum not a minimum. If the O's or T's are less important, less than 12 points will be distributed. Consequently, a significant number of combinations can be left blank.

In order to arrive to a strategic orientation, the elaborated and filled-in SWOT-table needs to be evaluated. Therefore the overall sum (if equal number of S, W, O, T's) or the average (if unequal number of S, W, O, T's) needs to be calculated for each quadrant of the SWOT-table. Table 2 provides an overview about the meaning of the different scores in the SWOT-table and how to interpret them.

Table 2: Evaluation of the SWOT-table (Vermeire et al., 2007)

Score	What does it tell ?	What to do with it ?
Score per combination	How important the S or W is to deal with O or T.	Develop strategic objectives which deal with the combinations with the highest scores.
Total scores per S, W, O, T	How important the different S's, W's, O's, T's are.	Strategy is aimed towards taking maximum benefit of external factors: therefore build strategy around the 2 or 3 most important O's & T's (highest scores).
Total scores per quadrant	What the general prospects are.	High S-O: attack, the chances are good High S-T: defence, we have the power to deal with the threats High W-O: clean ship or reorientation, work on the weaknesses to take benefit of present opportunities High W-T: crisis situation, the threats are serious and we don't have the means to deal with them.

The **action plan** includes a list of action steps (tactics) listed in chronological order. Those steps, taken together, accomplish the intended strategy. Based on the methodology developed by PEG, an evaluation of the necessary resources is estimated, in a range from 1 to 5, with 1 being the minimum amount of resource and 5 the maximum (heavy need), to allow comparison in horizontal (across different kinds of resources), in vertical (to rank the steps with respect to one kind of resource, e.g.

financial resources) and across strategies (to help selecting the right strategy, in dependence to the available resources). The resources are classified in four categories as presented in Table 3.

Table 3: Resource categories and scores for evaluating action steps in an action plan

Human resources interpreted as number of people and hours of work	Financial resources interpreted in monetary effort	Equipment interpreted in the amount and specificity of the technology required	Information resources interpreted as the requirement for searching new pieces of information and for analyzing them
1 – no or almost no human efforts required	1 – no or almost no financial effort required	1 – no or almost no equipment required	1 – no or almost no information required
2 – light human efforts required	2 – light financial effort required	2 – light equipment required	2 – light information required
3 – intermediate human efforts required	3 – intermediate financial effort required	3 – intermediate equipment required	3 – intermediate information required
4 – somewhat considerable human efforts required	4 – somewhat considerable financial effort required	4 – somewhat considerable equipment required	4 – somewhat considerable information required
5 – very considerable human efforts required	5 – very considerable financial effort required	5 – very considerable equipment required	5 – very considerable information required

At this stage the strategies are not evaluated in absolute terms but in relative terms, in order to characterize the evaluated strategy as an overall alternative to other strategies. The usage of e.g. absolute financial terms would result a bias in determining the real advantage of each strategy. This because cheap or expensive strategies are always *ceteris paribus*, i.e. if there is no money or there is too much of it it will be a case of no choice. Finally, introducing absolute numbers would also create differences with respect to the different levels of prices in each country, a factor that at this stage would interfere heavily with the appreciation of the content of each strategy. For examples consult the result section of this report and report D5.4.10 “National reports on evaluation of innovative distribution strategies”.

Based on the scores for the SWOT-analysis and the Action plans all innovative distribution strategies are compared to each other. The calculations of the scores are found in Annex 1.

4. Results

Within this section first a general comparison of the evaluated innovative distribution strategies will be presented. Following, for each strategy a summary of evaluation will be provided.

4.1. General comparison of the innovative distribution strategies

Nine innovative distribution strategies were evaluated during both the feasibility test and the review meetings. During the feasibility test the strategies were evaluated by a single food manufacturer. On the contrary, during the review meeting the strategies were evaluated by a group of stakeholders. In Table 4 the differences of both evaluations are presented. All evaluated strategies are perceived as acceptable by a larger group of stakeholders, even when they were evaluated as difficult or not implementable during the feasibility test. Nevertheless, the perceived acceptability of the different innovative distribution strategies during the review meeting does not imply that there are no barriers related to the successful implementation of the strategies. The possible barriers will be discussed for each strategy individually in the following sections.

Table 4: Comparison between feasibility tested and reviewed strategies

<i>Strategy</i>	<i>Feasibility test</i>	<i>Review meeting</i>
All-in-one packaging	Feasible	Acceptable [*]
Regional corners	Feasible	Acceptable [*]
Fast food chains	Feasible	Acceptable [*]
Joint distribution	Difficult but not impossible	Acceptable [*]
Involvement of the consumer	Difficult but not impossible	Acceptable [*]
Networking facilities	Feasible	Acceptable [*]
Joint promotion	Difficult but not impossible	Acceptable [*]
Small area penetration	Feasible	Acceptable [*]
Agro-tourism	Doubted feasibility	Acceptable [*]

* but not barrier free implementation

During the development process of the innovative distribution strategies for each of the 12 strategies a SWOT-analysis was conducted. Next to the nine strategies listed in Table 4, also e-commerce, specialty shop and moving outlets are included. In Figure 2 all twelve strategies are compared based on their cross-country score for the strength-opportunity confrontation. The higher the score in this quadrant is the better this strategy is evaluated in terms of its feasibility and potential for successful implementation. Seven out of the twelve strategies, from Involvement of the consumer to Networking facilities, are evaluated as highly feasible scoring all around 2.5 and 2.6. The least feasible strategy is clearly Small area penetration.

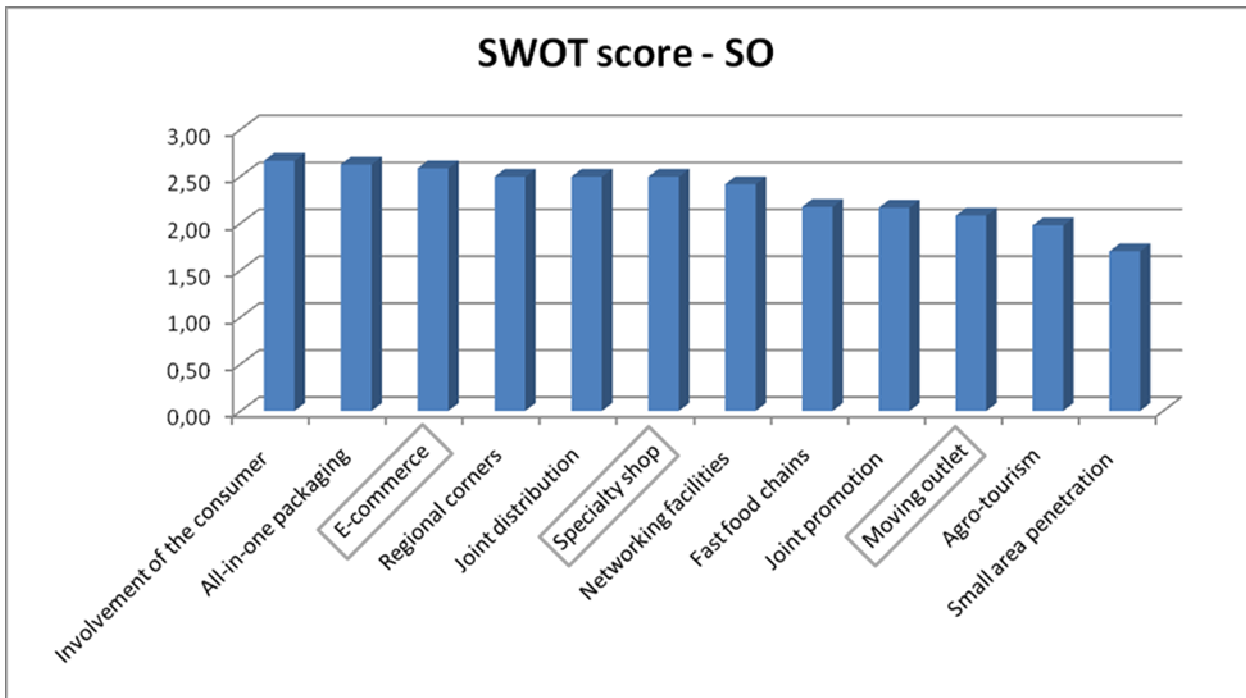


Figure 2: Comparison of all 12 innovative distribution strategies based on the score for strengths-opportunities confrontation of the SWOT-analysis

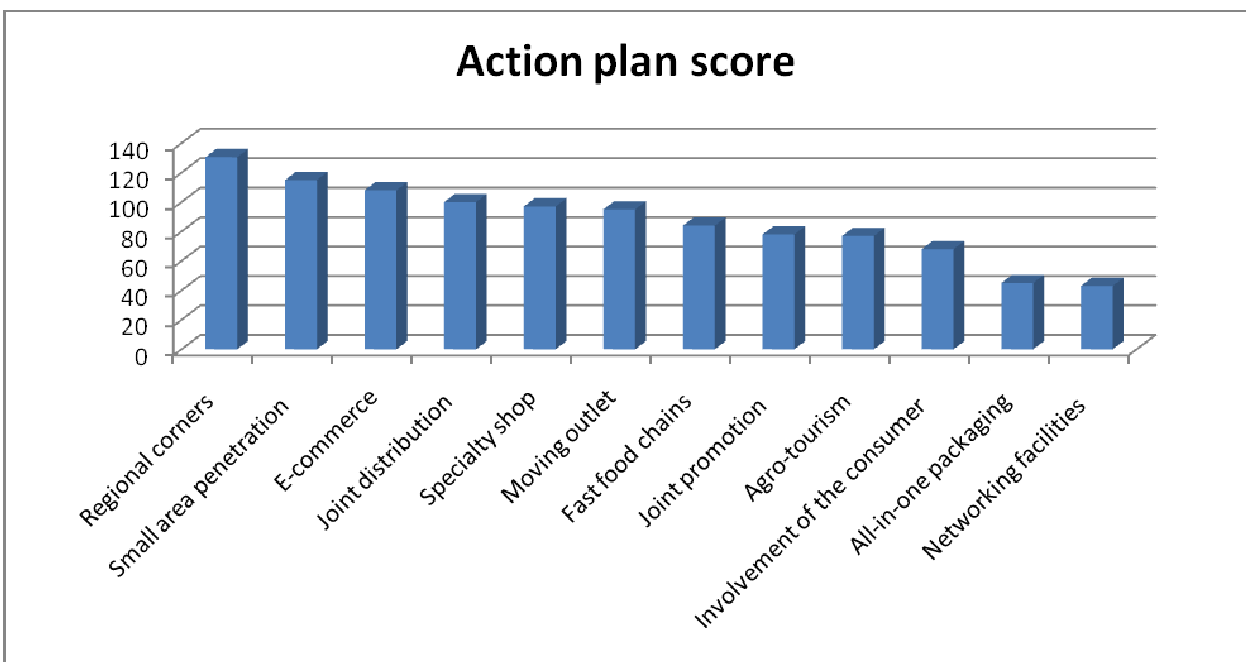


Figure 3: Comparison of all 12 innovative distribution strategies based on the total score of action plan

For each strategy an action plan was elaborated and evaluated. Based on the scores distributed for each resource category an overall cross-country score could be calculated for each strategy. The total score is an indicator for the resource intensity of the strategy. In Figure 3 the twelve innovative distribution strategies are presented based on their total action plan score in decreasing order of resource intensity. The strategy Regional corner is clearly evaluated as the most resource intense strategy, while Networking facilities and All-in-one packaging are considered as the least resource intense strategies.

When comparing the innovative distribution strategies based on both the SWOT-score and the action plan score it becomes obvious that the most potential strategies are those with rather low resource intensity, namely Involvement of the consumer and All-in-one packaging (Figure 4). Nevertheless, also strategies with rather high resource intensity are among the most potential ones, such as E-commerce and Regional corners.



Figure 4: Comparison of all 12 innovative distribution strategies related to their SWOT-score and Action plan score

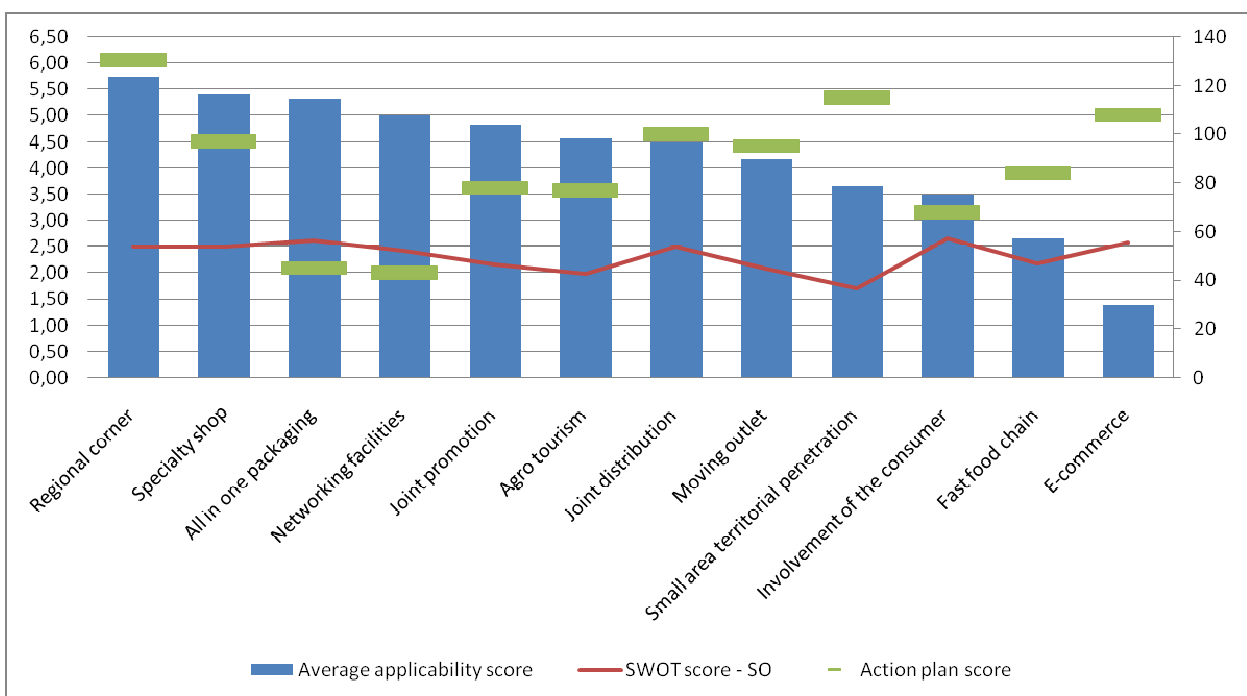


Figure 5: Comparison of all 12 innovative distribution strategies ranked by the Hungarian applicability test

During the Hungarian review meeting the participants were evaluating all twelve strategies according to their perceived applicability (see Annex 2). This national evaluation shows a very different picture than the cross-country comparisons. Involvement of the consumer and Joint distribution are not among the top 3 anymore but ranking fairly low. Further, two strategies with rather high resource intensity are evaluated as top 2 applicable strategies, namely Regional corner

and Specialty shop. This indicates that a high resource intensity is not necessarily hampering the applicability of a strategy, but that it is important that the strategy is perceived as having potential for sufficient return of investments and business success in the future.

Hence, when a company wants to decide whether to implement one of the presented innovative distribution strategies careful consideration and evaluation is needed to assess whether the chosen strategy is fitting to the company's resource, capabilities and competences. Within the reminder of this report, a rather general, cross-country overview of the innovative distribution strategies is presented.

4.2. All-in-one packaging

Description

The aim of this strategy is to develop, manufacture and sell a convenience traditional food product taking into account the consumer's expectations, such as long shelf life, convenience aspects, appearance of the already packed product etc. This traditional food product would be part of a whole package which includes all necessary ingredients for e.g. preparing a traditional meal. There are special target consumer groups consisting of several people, e.g.: families or traditional party participants. For this strategy the application of a special technology and the right choice of the most suitable package size are very important. Furthermore, it is aimed to improve the knowledge of the consumers about the traditional food products and to widen the product assortment of traditional food products.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Increasing demand for convenience products and large product variety
- Availability of modern packaging technologies (e.g. MAP, vacuum packaging)
- Possibilities of demonstration activities at the point of sale
- Adaptability to different packaging sizes
- Availability of different distribution channels
- Higher potential for successful implementation if all chain members contribute to the development of the all-in-one package

Barriers

- Limited financial resources in particular for small or micro sized enterprise for investing new packaging machines and technologies and in marketing
- Limited consumer willingness of paying higher prices for this type of products
- Diverse package and storage requirements of the different ingredients

Action plan & involvement of other players

In Table 5 the action steps necessary for implementing this strategy are listed. Further, also the responsible chain stakeholders are indicated, which need to take the lead in each step. The action steps are listed in chronological order, which does not exclude that some steps can be accomplished parallel or overlapping. As shown in Table 5 not only the food manufacturers but also their suppliers and customers need to be integrated in the implementation process of this innovative distribution strategy. The suppliers could support the steps where the concept of packaging is developed, while collaboration with the customers (retailers) would be very useful in the steps

where the target consumer groups, potential distribution channels and effective communication materials need to be identified and developed.

Table 5: Action plan for All-in-one packaging

<i>Nr.</i>	<i>Action Steps</i>	<i>Main Responsible</i>	<i>Beneficial involvement of other players</i>
1	List and choose a traditional product group	FM	
2	Identification of the target consumer group	FM	Retailer
3	Selection of the potential distribution channels	FM	Retailer
4	Identification of the concept of the packaging	FM	Raw material supplier
5	Identification of the packaging size, composition of the products and appearance of the products	FM	Packaging material supplier
6	Identification of the packaging technology and packaging material	FM	Packaging material supplier
7	Contact potential retailers, as many as possible for choice of best fitting distribution channel	FM	Retailer
8	Develop communication materials (e.g. demonstration at point of sale, booklets etc.)	FM	Retailer

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated feasible and acceptable throughout the whole evaluation process. Based on the total score for the strength-opportunities confrontation it is a strategy with high success potential. Furthermore, this strategy has clear low resource intensity, with highest needs for information resources.

4.3. Regional corner in the supermarket and in other point of sales

Description

Regional corners will be a temporary or permanent display featuring a range of traditional food products of a given territory. This display can be either inside a traditional point of sale or inside a super/hypermarket. The aim is to increase the visibility and sales in distribution channels of traditional food products of a given region or territory.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Good tool for creating an umbrella brand (products from the same region or same category)
- Supermarkets apply already collective marketing and can be a driver for this strategy (possess the decision power)
- Alternative distribution channels possible (other than supermarket, such as market halls, temporary stalls on fairs or other ventures, structural initiatives with public/private support)

Barriers

- Possibility that supermarkets are not easy to be convinced by an initiative of a food manufacturer

- Costs for implementing strategy too high for a single SME-food manufacturer \Rightarrow to overcome by a collaborating group of food manufacturers
- Lack of knowledge of marketing and promotion \Rightarrow to overcome by collaborating with an external expert in these fields

Action plan & involvement of other players

In Table 6 the action steps necessary for implementing this strategy are listed. For the implementation of the strategy Regional corner suppliers of e.g. raw material or packaging materials seem not needed to be involved. In case the regional corner is planned to be established within the premises of a retailer, he/she need of course to be involved in almost all action steps. On the other hand, if the regional corner is exposed at for instance a market hall or any other occasion/place, such as promotional events, the retailer does not need necessarily to be involved.

Table 6: Action plan for Regional corner

<i>Nr.</i>	<i>Action Steps</i>	<i>Main Responsible</i>	<i>Beneficial involvement of other players</i>
1	Concept project paper, including the goals of the strategy	FM	
2	Choose the region and its borders for the products included in the regional corner	FM	
3	Networking with other potential producers	FM	
4	Mapping the region potential point of sales and their characteristics	FM	other FMs
5	Define an accurate umbrella communication line	FM	other FMs
6	Develop business plan (positioning, marketing mix, estimation of costs and revenues etc.)	FM	other FMs
7	Develop prototype of the display/corner and of the communication materials	FM	other FMs, (Retailer)
8	Presentation of the project to other producers and retailers	FM	
9	Modify plan/project according to inputs received	FM	
10	Specify the period of launching and timing for testing period	FM	
11	Produce display and communication materials	FM	other FMs
12	Training of sales and promotion staff	FM	other FMs, (Retailer)
13	Implementation of the testing phase	FM	other FMs, (Retailer)
14	Analyze test results	FM	other FMs, (Retailer)
15	Make changes to model/plan	FM	other FMs, (Retailer)
16	Extend model to more point of sales	FM	other FMs, (Retailer)

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated feasible and acceptable throughout the whole evaluation process. Based on the total score for the strength-opportunities confrontation it is a strategy with relatively high success potential. However, this is a strategy with the highest resource intensity of all evaluated strategies. Thereby, the highest resource need are for human resources, but also financial and information resources are considerably required.

4.4. Fast food chains

Description

The objective of the strategy fast food chains of traditional food products is that it would be desirable to associate the experience of eating traditional food products with the “mass market”-logic of fast food eating. This could be in principle achieved by extending certain opportunities of the so called fast food chains to products that are different from those normally distributed and consumed in usual fast food restaurants. There are existing examples such as “Nordsee” where a successful combination is achieved (fresh fish products for to go, but also prepared as full meals for immediate in-house consumption).

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Novelty of this strategy can be a major innovative driver for establishing long-term success
- Potential for setting up chains with high standards, recurrent return of investment and access to a new consumer target group (i.e. urban consumers).
- Potential for public-private investments
- Potential for both, local (small number of point of sales) and global (large number of POS) approaches
- Higher potential for successful implementation if all chain members and third parties are involved in the development of the concept of Fast food chains
- For the involvement of third parties financial and other resources could be joined among the chain members
- Possibility to respond to different consumer tastes, and convenience and price needs at the same premise
- Consumers are already used to the concept of fast food, but look for novelties in this area
- Hold of responsibility of promotion of traditional food products linking it to the underlying story and heritage (in order not to lose the traditional character of the product), creating a special atmosphere at the POS

Barriers

- Importance of being a global entrepreneur with sound motivation for successfully implementing the strategy
- Necessary investments in people, location and marketing ⇒ to overcome by collaboration among food manufacturers
- Assurance of safety, hygiene and quality requirements along the chain
- Necessary honesty and trust among the involved players might still need to be developed or harmed, which might slow down the process of strategy implementation
- Difficulty of balancing the differences between local recipes into a common recipe at the POS

Action plan & involvement of other players

In Table 7 the action steps necessary for implementing this strategy are listed. For a successful implementation of the strategy Fast food chain it would be beneficial if several food manufacturers of the same product category or complementary products would join their forces. The raw material suppliers would need to be integrated especially at the stage of developing the fast food formula for

the traditional food products in order to assure high nutritional value and the maintenance of the traditional character, e.g. the taste. The customer could be the owner of the fast food restaurant(s). Hence, he/she needs to be then involved in developing the concept for the venue and finding sponsors for the initiative in order to face the lack of financial resources, especially when SME food manufacturers are involved. This will also be beneficial for the necessary investments in communication and launch of the initiative. Furthermore, at certain steps the involvement of third parties would be preferable for improving the potential of a successful launch. This included mainly the step of designing the venue and setting up the communication strategy.

Table 7: Action plan for Fast food chain

Nr	Action Steps	Main Responsible	Beneficial involvement of other players
1	Identify a regional area sensitive to a new consumption experience	FMs	
2	Identify a family of traditional food products susceptible to fast food distribution	FMs	
3	Invest in designing a fast food offer for TF products	FMs	
4	Identify companies as potential suppliers of traditional food products sold in fast food formula (assuring nutritional value and traditional characteristics)	FMs	Raw material suppliers
5	Define products for commercialization	FMs	
6	Define recipes and formats. Taste different solutions	FMs	
7	Liaise with scientific agencies and experts	FMs	
8	Define, search and find an appropriate location	FMs	
9	Design an adequate lay out for the chosen venue	FMs	Customer, Interior designer
10	Search and find sponsors for the initiative	FMs	Customer
11	Define and realize training for staff and personnel	FMs	
12	Invest in Communication	FMs	Customer, Marketing professionals
13	Invest in a launch initiative	FMs	Customer, Raw material suppliers

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated feasible and acceptable throughout the whole evaluation process. Based on the total score for the strength-opportunities confrontation it is a strategy with rather medium success potential, due to some severe weaknesses within the sector and threats of the environment which need to be overcome first. Nevertheless, this strategy has a medium resource intensity, where equally human, financial and information resources are required.

4.5. Joint distribution

Description

This strategy aims at bringing traditional food manufacturers together which work in different food sectors on complementary products in order to share their limited financial resources for

collaboration on joint transportation and renting an outlet in which their products can be sold to the consumers.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Distribution of the whole range of products of the same food manufacturer or food manufacturers (SMEs) of a certain region at one POS (economies of scale)
- Convenience for final consumer if similar assortment in all shops of the customer/retailer
- Common promotion by food manufacturer, retailer and supplier
- Possibilities for saving costs jointly when using resources of the chain partners efficiently, e.g. organizing transport of raw materials and finished products efficient (in the same vehicle)
- Possibility for combining this strategy with other innovative distribution strategies, such as joint promotion and cross-marketing
- Possibility for setting up a joint quality label

Barriers

- Trustworthiness of stock management and handling at customer premises
- Overall dominance of the customer/retailer
- Limits of stock capacity at the customer's premises
- Fear of getting too dependent on each other in the chain

Action plan & involvement of other players

In Table 8 the action steps necessary for implementing this strategy are listed. As indicated by the name of this strategy the emphasis is on joining force for distributing the traditional food products. Mainly this includes the involvement of other food manufactures, but also the intense integration of customers into the implementation phase. The supplier can also provide superior contribution for a successful development and implementation, but it is rather a minor role mainly related to saving costs by using e.g. transport vehicles jointly.

Table 8: Action plan for Joint distribution

Nr.	Action Steps	<i>Main Responsible</i>	<i>Beneficial involvement of other players</i>
1	Mapping the potential joint distribution methods	FM	
2	Mapping the products and potential food manufacturers working in different food sectors	FM	
3	Involvement of the other manufacturers	FM	
4	Mapping the region at potential point of sales and their characteristics	FM	other FMs
5	Mapping the service providers dealing with rental of food transportation vehicles	FM	other FMs
6	Develop Business Plan	FM	other FMs
7	Design the inside of the outlet and develop of the communication materials	FM	interior designer
8	Choose suitable personnel to sell the products	FM	other FMs
9	Presentation of the project to the manufacturers	FM	other FMs

	selected (emphasis on benefits)		
10	Modify and finalize the plan according to inputs received	FM	other FMs
11	Establish the period of launch	FM	other FMs, Customer
12	Establishing communication materials (advertising materials brochures, pictures for testing)	FM	other FMs, Customer
13	Training of the people to sell and promote products in the outlet	FM	other FMs, Customer
14	Implementation (test period)	FM	other FMs, Customer
15	Analyze test results based on data collection and qualitative information on implementation test, analyze them and develop conclusion	FM	other FMs, Customer
16	Make changes to model/plan	FM	other FMs, Customer
17	Extend model to other producers	FM	other FMs, Customer

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as difficult to implement during the feasibility tests, due to doubts about the availability of possible partners for this strategy. However, during the review meeting this strategy was accepted and the problem of lacking possible partners was not perceived as such a strong barrier anymore. Based on the total score for the strength-opportunities confrontation it is a strategy with relatively high success potential. However, it is a quite resource intense strategy, requiring mainly financial resource.

4.6. Involvement of the consumer

Description

The aim of this strategy is to increase consumer's loyalty and trust in traditional food products resulting in improved publicity and word-of-mouth advertising. Therefore the consumer will be (to some extent) involved in the production process, being e.g. a one-day-entrepreneur. Finally, this should lead to an improved market share of traditional food products and increased revenues of the members of the traditional food chain.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Increasing consumer's interest in knowledge about food products and their production (getting to know where the food is coming from and how it is produced)
- Creating good experiences for the consumers
- Gaining loyal clients by word-of-mouth advertising
- Higher potential for successful implementation if all chain members and third parties are involved in the development of the concept of Involving the consumer
- Involvement of the consumer can take place also outside the premises of the food manufacturer, e.g. at a place with better accessibility and a high number of daily passing consumers

Barriers

- Assuring food safety, hygiene standards and food quality during the visit of the consumers
- Costs for setting up this initiative (equipment and food safety and hygiene assurance systems) ⇒ could be shared along the whole chain
- Some food products might be more attractive/interesting for the consumer than other products (e.g. sausage plants vs. wine cellars)
- High level of organizational skills are required to organize such an initiative

Action plan & involvement of other players

In Table 9 the action steps necessary for implementing this strategy are listed. As indicated above the integration of all chain members and some third parties would increase the potential for successful implementation of Involving the consumer in the production process. Mainly the customer of the food manufacturer could contribute by providing advice about the consumer profiles which could be targeted and about excellent communication of this initiative. Further, the customer could be supporting the food manufacturer in logistical aspects, e.g. for the route development through the premises or for the organization/improvement of the accessibility of the premises where the event is taking place. On the contrary, the supplier could assist the food manufacturer in terms of installing an adequate food safety and hygiene assurance system for the visitor areas, but also in some logistical issues. As for any successful strategy implementation also for this strategy it is important that the chain partners combine their complementary resources and capabilities into new chain core competences which will finally lead to sustainable competitive advantage. This includes also the integration of resources and capabilities of third parties, such as marketing experts for the development of the communication strategy.

Table 9: Action plan for Involvement of the consumer

Nr	Action Steps	Main Responsible	Beneficial involvement of other players
1	Concept project paper – goals and main steps of integrating the consumer in the production process: where, what, how, how many at same time	FM	Customer
2	Development of a business plan	FM	
3	Accessibility of facility (Logistics, possibilities for public and private transport)	FM	Customer, Supplier
4	Visitor area (conference room, tasting area, accommodation - whatever appropriate)	FM	Customer
5	Critical points for food safety and hygiene	FM	Supplier
6	Hire a communication agency and prepare all the advertising tools (Design and produce display boards, information sheets etc)	FM	Customer, Marketing expert
7	Select/ hire and train PR-responsible for public relations, promotion and publicity, guide for visiting groups, organizer of events,	FM	Marketing expert
8	Search and find supporters/partners for the initiative, e.g. Travel agencies from local to international level for promoting the initiative, sponsors for larger events	FM	Customer
9	Organization of the event	FM	Customer, Supplier
10	Evaluation of the business plan	FM	

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as difficult to implement during the feasibility tests, due to doubts about the possible lack of interest by the consumer and the possibility of harming food safety and hygiene aspects during the consumer visits. However, during the review meeting this strategy was accepted, although the latter was still perceived as a critical point, though manageable with the support of the other chain members. Based on the total score for the strength-opportunities confrontation this is the strategy with the highest success potential. Additionally, the involvement of the consumer is perceived as a strategy with fairly low overall resource intensity. Though information resources are the most required.

4.7. Networking facilities

Description

The aim of this strategy is to bring together potential business partners as well as to provide a platform for exchanging information among the business partners. This should lead to the improvement of product or regional features, e.g. through higher product quality and safety, assured supply, wider product range or better differentiation.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Existence of different support organizations and third parties which could initiate the networking ⇒ but need to extend their focus to the interests of the whole chain
- Potential starting point for joint initiatives
- Way to overcome lack of knowledge of potential partners
- Win-win situation for the local economy
- Integration of third parties (other than chain members) as initiator/organizer

Barriers

- Availability of an initiator and organizing person
- (Dis)Honesty among network partners about balancing and distributing risks and benefits

Action plan & involvement of other players

In Table 10 the action steps necessary for implementing this strategy are listed. This strategy can be initiated by any person of the chain or of support organizations. Thereby, starting at the local/regional level is facilitating the successful implementation, due to common background of the networking partners. For good practice examples it is recommended to consult the “Inventory on best practices on reducing bottlenecks and promoting success factors at traditional food supply chains” (D5.1.13 – second issue, available at www.truefood.eu).

Table 10: Action plan for Networking facilities

Nr.	Action Steps	Main Responsible	Beneficial involvement of other players
1	Concept project paper, incl. goals and main steps of the strategy: Target population, website or meeting place, networker table etc.	FMs	suppliers, customers, SO
2	Establish networking facility: website, space on website of federation or other support organization, using existing networks on internet (yahoo, LinkedIn, Facebook etc.) or meeting room, networker table etc.	FMs	suppliers, customers, SO
3	Contact target population, e.g. FMs of the same region or product category, regional food industry etc.	FMs	suppliers, customers, SO
4	Identification of the common interest of the members to be involved in the network	FMs	suppliers, customers, SO
5	Invest in a launch initiative	FMs	suppliers, customers, SO
6	Regular evaluation of success of network (number of participants, attendance of target group, possibilities, feasibility, necessity of extension of network)	FMs	suppliers, customers, SO

FM: Food manufacturer; SO: support organization (e.g. regional governmental organization, economic council, research institute etc.)

Conclusion

This innovative distribution strategy was evaluated as feasible and acceptable at both the feasibility test and the review meeting. Based on the total score for the strength-opportunities confrontation joint promotion is a strategy with relatively high success potential and the lowest resource intensity. Thereby information resources are most needed for implementing networking facilities.

4.8. Joint promotion

Description

The aim of this strategy is to increase the low level of consumer awareness and to overcome the constraints of limited resources for promotion at the level of the traditional food manufacturer. An idea for implementation is the set-up of an umbrella brand for traditional food products, e.g. on regional level or for a certain product category, which could be promoted at festivals and fairs.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Very suitable for micro and small sized enterprises with very low marketing budget
- Festivals and fairs are well-known occasions for promotion ⇒ but not widely used for joint promotion of complementary products such as Hungarian sausages and pickled paprika products, though cheese and wine often promoted jointly
- Sharing costs between several food manufacturers allows use of promotion tools, which would not be possible to finance individually

- Possibility of cross-marketing of similar and/or complementary products to attract more interest of the consumer
- Increased degree of popularity for small firms through an umbrella brand

Barriers

- Potential and benefits of cross-marketing still lacks some recognition among SME traditional food manufacturers
- Excellent skills of promotion and cross-marketing are required
- General economic situation is not very good (low purchasing power of the consumer)

Action plan & involvement of other players

In Table 11 the action steps necessary for implementing this strategy are listed. For this strategy most importantly, collaboration with other food manufacturers of similar or complementary products needs to be achieved. However, this is at the same time the main barrier for this strategy, due to the low recognition of the benefits and the potential of joint promotion. However, there are existing good practice examples, such as the joint promotion of small wineries and small cheese manufacturers at wine fairs or joint open days of Belgian breweries in the same region (incl. joint organization of public transport between the premises).

Table 11: Action plan for Joint promotion

Nr	Action Steps	Main Responsible	Beneficial involvement of other players
1	Choose a place for joint promotion, e.g. a region where festivals are organized for "traditional food products" or a supermarket where a promotion day can be organized	FM	
2	Seeking of other manufacturers for joining the initiative	FM	
3	Design the stand and develop of the communication materials jointly	FM	other FMs, marketing expert
4	Choose and train the suitable personnel selected from the own employees of the companies or contact a subcontractor and employ trained hostesses to promote and to offer the products for tasting	FM	other FMs, or third party
5	Establishing communication materials	FM	other FMs
6	Establish a business plan for the direct sale based on the joint promotion during the festival	FM	other FMs
7	Finalize the discussed promotion activities and share the tasks between the focal companies involved	FM	other FMs
8	Evaluation of the affectivity of the joint promotion and compare the results achieved during the direct sale with the business plan	FM	other FMs

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as difficult to implement during the feasibility tests, due to lack of potential partners. This was also perceived one of the main barriers during the review meeting. Nevertheless, the potential was acknowledged and hence this strategy was

evaluated as acceptable. Based on the total score for the strength-opportunities confrontation joint promotion is a strategy with rather medium success potential, but with only medium resource intensity as well. Nevertheless, during the review meeting it was clearly stated that in case of group of traditional food manufactures are willing to cooperate, the feasibility of this strategy will be very high.

4.9. Small Area Territorial Penetration

Description

The aim of this strategy is to reach a critical mass of repetitions of messages across different media and with a large presence in distribution channels to acquire the abrupt and strong answer of the consumer to an intensive campaign. Thereby, this strategy is developed in terms of targeting an area in another European country or even beyond than the home country of the food manufacturer. Taking into account the high budget necessary for campaigns at national levels it is the idea to drastically reduce the area accessible by the distribution chain and covered by the advertising campaign to manageable dimensions while keeping the intensity of the campaign very high.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Reduced costs and complexity due to logistic concentration to a small penetrated area
- Necessity of smaller marketing budget, due to smaller target area
- Possibility to react on local-specific consumer trends

Barriers

- Doubts about successful targeting an area of unknown (foreign) consumers with different economic and cultural conditions and background ⇒ Convincing power of a successful pioneer would resolve the doubts

Action plan & involvement of other players

In Table 12 the action steps necessary for implementing this strategy are listed. For this strategy the integration of the chain members is only required at later steps, at the moment of the practical implementation of the strategy. During the planning phase support should be sought by business consultants of the possible target area and by communication experts familiar with the economic and cultural backgrounds of the targeted area.

Table 12: Action plan for Small area penetration

Nr.	Action Steps	<i>Main Responsible</i>	<i>Beneficial involvement of other players</i>
1	Preliminary budget and quantitative goals: Establish a reasonable target for sale increase over time and consequently a preliminary budget for the exploration and the 1-year campaign	FM	
2	Own product analysis: Description of the strength of the product and the demographical and	FM	

	lifestyle traits of the typical consumer		
3	Choose the targeted country: Selection across Europe or beyond a country that for economic and cultural reasons would welcome the product	FM	business consulting from the targeted area
4	Select a narrow number of potential candidates of target "small area"	FM	business consulting from the targeted areas
5	Exploring the candidates: A trip in all the candidate areas to establish the qualitative elements of the analysis and obtain information about prices in advertising, POS, etc. and take care of sufficient language skills	FM	
6	Determine the revised budget, the goals and the sequence of penetration in the chosen "small areas"	FM	
7	Hire the communication agency and prepare all the advertising tools	FM	communication agency
8	POS contact and penetration	FM	customer
9	Sell-in and sell-out logistics	FM	customer, supplier
10	Purchase the media time and external advertising spaces	FM	customer
11	Handle repurchase and after-sales support	FM	customer
12	Deepening penetration	FM	customer
13	Extension of the small area	FM	customer
14	Add further small areas	FM	

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated feasible and acceptable during both, the feasibility test and the review meetings. However, based on the total score for the strength-opportunities confrontation Small area penetration was evaluated to the least success potential in comparison to the other developed innovative distribution strategies. Furthermore, this is also the second most resource intensive strategy with the highest demand for information resources, followed by high financial resource intensity. However, a food manufacturer and/or his chain member who have contact to foreign markets already, might find this a fairly potential innovative distribution strategy.

4.10. Agro-tourism

Description

The aim of this strategy is to show the manufacturing place of a traditional food regularly as a tourist sight of a certain region to tourists making excursions in the region/place. Furthermore, in the frame of guided or non-guided tour, e.g. organized by a special travel agency, direct sale in-place is possible.

Possible advantages and barriers for successful implementation

Based on the evaluations during the review meetings several advantages and barriers were identified. Subsequently only the most striking ones are presented.

Advantages

- Potential long-term benefits of associating the travel experience with a more direct knowledge of the tradition and gastronomic heritage of a place
- Whole strategy in control of the food manufacturer level
- Particular focus on consumers/buyers of traditional food products

Barriers

- Sound balance of costs and pricing policies of the manufacturer and the requirements of the housing branch (hotel, B&B, transport agents etc.)

Action plan & involvement of other players

In Table 13 the action steps necessary for implementing this strategy are listed. For this strategy it would be beneficial to closely cooperate with a nearby hotel and with a local travel agency. The travel agency could support this strategy by being responsible for being the first contact person for the tourists, taking also the burden from the manufacturer to deal with all the administrative aspects such visits would require. Furthermore, the travel agency would also take care of the coordination between the traditional food manufacturer and the nearby hotel. Nevertheless, the main responsibility for the successful implementation of this strategy lies in the hands of the food manufacturer.

Table 13: Action plan for Agro-tourism

Nr.	Action Steps	Main Responsible	Beneficial involvement of other players
1	Identify a regional area where there are historic sights or where folk art events are organized and many traditional food manufacturers are producing special particular products	FM	
2	Identify food businesses which are responsive to receive visitors in their plant	FM	
3	Seeking a tourist agency	FM	
4	Establish a tourist program during which the plants of the manufacturers can be visited by tourists	FM	travel agency or other institution
5	Contact hotels	FM	Hotel and travel agency
6	Survey on the drafted program in the hotel	FM	Hotel and travel agency
7	Evaluation of the survey	FM	travel agency
8	Make changes to the planned program	FM	travel agency
9	Develop the advertisement materials	FM	Hotel and travel agency
10	Implementation of the program	FM	Hotel and travel agency

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as rather not feasible for implementation during the feasibility tests, due to the applicability of direct sale in-place and hosting of daily or stationary visitors would be depending on the size of the food manufacturer's premise. Further, legal constraints were raised when the manufacturing place would changed (in parts) to accommodation or B&B purposes. However, during the review meeting the latter concern was resolved by involving a nearby external accommodation opportunity, such as a hotel or B&B. Based on the total score for the strength-opportunities confrontation Agro-tourism was evaluated as a strategy with the second least success potential in comparison to the other developed innovative distribution strategies.

However, this is a strategy with medium to low resource requirements with highest needs for human resources.

4.11. E-commerce

Description

The aim of this strategy is to create a virtual store as a key distribution channel to feature and sell different traditional food products belonging to several producers of a given territory or a group of territories. This strategy is meant as a less costly alternative to the obstacles of high costs and complexities for setting up a traditional store and for reaching potential (new) consumers located in different geographical areas. Furthermore, proper communication to the consumers is aimed about the characteristics of the traditional food products, the quality certifications and the proper way of usage that will enhance product taste and justify the price premium. Further the usage of an appropriate IT-platform will enable to integrate both virtual and traditional channel management with only one tool in order to optimize distribution and logistics.

Possible advantages and barriers for successful implementation

This strategy was not evaluated during the review meetings. Hence, the most striking advantages and barriers for this strategy are presented here, based on the results from the feasibility tests.

Advantages

- Reduced costs and complexity due to integration of virtual and traditional chain management and accessibility for large number of potential (new) consumers at diverse geographical locations
- Distance purchase from all over the world
- Creation of a central collection point (in addition to home delivery) with possibility of complementarities (e.g. newspaper shop as collection point)

Barriers

- Existing refusal of on-line payments and credit card possession by the consumers
- Virtual market (no touch, smell or personal contact)
- High costs for packaging and transport in particular for small quantities

Action plan & involvement of other players

In Table 14 the action steps necessary for implementing this strategy are listed. This strategy is evaluated as being feasible to manage by an individual food manufacturer. However, at certain points of the action plan other food manufacturers could be involved for widening the offered assortment. This strategy provides the food manufacturer thus with the opportunity of direct sale without intervention of any intermediate, such as the wholesaler or retailer. This does not exclude that this strategy could be set up together with suppliers and customers in order to provide also a business-to-business option of E-commerce.

Table 14: Action plan for E-commerce

Nr.	Action Steps	Main Responsible
1	Concept project paper, including clear defined goals	FM
2	Choose a region and its "traditional food products"	FM
3	Networking with producers for possible joint activities	FM

4	Develop Business Plan: Develop positioning of virtual store, marketing mix strategies, marketing plan, costs and economics to be presented to other producers	FM
5	Develop structure, constraints and functionalities needed for the website: Identify the key characteristics and requirements needed to sell and promote on-line the traditional food products selected	FM
6	Select IT platform (related to good cost-performance ratio)	FM
7	Develop prototype of the website	FM
8	Get involvement of other producers	FM
9	Develop proper virtual store	FM
10	Start testing	FM
11	Analyze test results	FM
12	Make changes to model/plan	FM
13	If results prove success of the project involve other producers to offer consumers larger varieties of products or larger quantities	FM

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as rather not feasible for implementation during the feasibility test, due to non-applicability for all kinds of traditional food products and a lot of practical concerns related to logistical efforts (organization of home delivery or collection points, packaging etc.) and to the acceptability of electronic payments. Furthermore the lack of personal contact between the consumer and seller is considered as very important related to traditional food products. However, such an IT-platform could be already set-up for business-to-business purposes. Based on the total score for the strength-opportunities confrontation E-commerce was evaluated as the third best strategy with high success potential. However, it is also the strategy with the third highest resource intensity, with the highest requirement of information resources.

4.12. Specialty shop

Description

The aim of this strategy is the (re)establishment of specialty shops in order to increase the market share and to better valorize the traditional food products. Furthermore, traditional food manufacturers often do not have the capacity to sell via large distribution channels, therefore an adjustment of the distribution channel to the characteristics and features of traditional food products is necessary.

Possible advantages and barriers for successful implementation

This strategy was not evaluated during the review meetings. Hence, the most striking advantages and barriers for this strategy are presented here, based on the results from the feasibility tests.

Advantages

- Increasing the availability of traditional food products
- Opportunity to provide sound and excellent information about the traditional food products
- Possibility to maintain a strong connection with the cultural heritage of the region and to establish a 100% territorial niche

Barriers

- High costs of investment for establishing the shop
- Low consumer loyalty and willingness to pay high prices
- Strict legal restriction which are hard to comply with for opening a food shop

Action plan & involvement of other players

In Table 15 the action steps necessary for implementing this strategy are listed. This strategy is mainly in the responsibility of the food manufacturer. Thereby, some support could be get by the customer related to the layout of the chosen venue and the communication strategy. All chain members could collaborate for the launching event.

Table 15: Action plan for Specialty shop

Nr.	Action Steps	Main Responsible	Beneficial involvement of other players
1	Concept project paper	FM	
2	Choose the region and its borders	FM	
3	Explore consumer acceptance	FM	
4	Explore competitor situation	FM	
5	Decision on product range of specialty shop	FM	
6	Define, search and find an appropriate location	FM	
7	Develop Business Plan	FM	
8	Design an adequate lay out for the chosen venue	FM	Customer
9	Development of image of products	FM	
10	Training	FM	
11	Invest in Communication	FM	Customer
12	Invest in a launch initiative	FM	Customer, Supplier

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as feasible and ready for implementation during the feasibility test. Based on the total score for the strength-opportunities confrontation this strategy was evaluated having medium success potential with also relatively high resource intensity with high needs for information, human and financial resource.

4.13. Moving outlets

Description

The aim of this strategy is to install moving outlets (wagons) to reach areas where the establishment of stationary outlets is not applicable and/or not profitable. Also seasonality is considered as an important factor on revenues, which could be bypassed by this strategy.

Possible advantages and barriers for successful implementation

This strategy was not evaluated during the review meetings. Hence, the most striking advantages and barriers for this strategy are presented here, based on the results from the feasibility tests.

Advantages

- Creation of a strong and scattered distribution network

- Direct link to a wide range of (new, seasonal) consumers
- Differentiation of assortment of traditional food products
- Possibility to combine different distribution channels, such as marketer with home-delivery

Barriers

- High investment costs
- Low consumer loyalty
- Less frequented distribution channel for daily/weekly purchases

Action plan & involvement of other players

In Table 16 the action steps necessary for implementing this strategy are listed. This strategy would be completely in the responsibility of the food manufacturer. It would be also possible to collaborate with other food manufacturers of similar or complementary products to set up this initiative jointly and to share the high investment costs.

Table 16: Action plan for Moving outlets

Nr.	Action Steps	Main Responsible
1	Concept project paper	FM
2	Choose the region and its borders	FM
3	Explore consumer acceptance	FM
4	Explore competitor situation	FM
5	Develop Business Plan	FM
6	Decision on product range of moving outlet	FM
7	Purchase of wagon	FM
8	Training of sale staff	FM
9	Application of logistic tools	FM
10	Invest in Communication	FM
11	Invest in a launch initiative	FM

FM: Food manufacturer

Conclusion

This innovative distribution strategy was evaluated as rather not feasible for implementation during the feasibility test, due to the main concern of reaching potentially interested consumer in the targeted area. In modern life, there are an increasing number of households where both partners are working and are thus not home during the day. Furthermore, the image of moving outlets is perceived as out-dated and not mirroring the high added value of traditional food products. Based on the total score for the strength-opportunities confrontation this strategy was evaluated as the strategy with the third least success potential. However, the resource intensity is rather medium.

5. Conclusions

In this report a comprehensive overview is provided of the twelve developed and evaluated innovative distribution strategies. With this overall evaluation some strategies seem to be more feasible than others for traditional food products. However, there are such a wide range and diversity of traditional food products that it is not possible to draw general conclusions.

The final choice of the best fitting innovative distribution strategy is in the hand of the traditional food manufacturer and his/her chain members. The successful implementation of a strategy is dependent on the product's requirements, the firm's/ chain's resources and capabilities, as well as on the environment the traditional food manufacturer and his/her chain is operating in.

Therefore, before implementing a strategy thorough analysis of the internal strengths and weaknesses as well as of the external opportunities and threats need to be conducted (SWOT-analysis). Further, these internal and external aspects need then to be confronted to each other by means of a scoring system which allows a strategic orientation for the firm/chain.

Once the strategic orientation is decided, a detailed Action plan needs to be developed and evaluated. The evaluation is also conducted by means of a score system, whereby the evaluator can use concrete values or relative scores. Relative scores (e.g. scores ranging from 1 – not important to 5 – very important) are suggested in case several strategy would liked to be compared on cross-country or cross-sector levels.

Consequently, the recommendation formulated based on this report is to **pick the strategy which is best fitting to your business.** Furthermore, for the successful implementation of the chosen strategy it can be beneficial to **involve other players of your business environment**, such as the direct supplier and customer, but also third parties, such as governmental and non-governmental support organizations of the sector, research institutions, business consultants etc. For a well-performing collaboration it is recommended to **clearly state the distribution of tasks and responsibilities** in the action plan from the very beginning of strategy implementation.

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Glossary

Action plan

An action plan includes a list of action steps (tactics) listed in chronological order. Those steps, taken together, accomplish the intended strategy. Based on the methodology developed by PEG, an evaluation of the necessary resources is estimated, in a range from 1 to 5, with 1 being the minimum amount of resource and 5 the maximum (heavy need), to allow comparison in horizontal (across different kinds of resources), in vertical (to rank the steps with respect to one kind of resource, e.g. financial resources) and across strategies (to help selecting the right strategy, in dependence to the available resources).

The categories of resources considered are:

- Human resources ⇒ interpreted as number of people and hours of work
- Financial resources ⇒ interpreted in monetary effort
- Equipment ⇒ interpreted in the amount and specificity of the technology required
- Information resources ⇒ interpreted as the requirement for searching new pieces of information and for analyzing them

For certain steps, critical issues are qualitatively singled out and tips provided to better perform the step. During the feasibility test and the review meetings the strategies are not qualified in absolute terms in order to characterise a single strategy as a whole alternative to other strategies. The usage of e.g. absolute financial terms would result a bias in determining the real advantage of each strategy. This because cheap or expensive strategies are always *ceteris paribus*, i.e. if there is no money or there is too much of it, it will be a case of no choice. Finally, introducing absolute numbers would also create differences with respect to the different levels of prices in each country, a factor that at this stage would interfere heavily with the appreciation of the content of each strategy.

Distribution

All activities applied to a product on its way from the producer to the final consumer.

Distribution chain

Chain of intermediaries, each passing the product down the chain to the next organization before it finally reaches the consumer or end-user. Each of the elements in this chain will have their own specific needs, which the manufacturers must take into account, along with those of the all-important end-user.

Distribution chain management

Managing the distribution chain is a relatively complex task. Many of the theoretical arguments about distribution chains revolve around cost. Managers have to take into account the trade-off between the costs of using intermediaries to achieve wider distribution. Often, the small company has no alternative but to use intermediaries, often several layers of them, while on the other hand large companies do have the choice.

Feasibility test

A feasibility test can be conducted in many different ways, but the main aim is to find out whether a strategy is worth to be considered to go ahead with (Henricks, 2007). In order to perform a well-conducted feasibility test it is important that besides analyzing the technical feasibility also the potential of the market and industry, the management capacities of the entrepreneur and different financial scenarios are explored (Barringer and Ireland, 2007). The aim of the feasibility tests was to discuss the practicability of the developed innovative distribution strategies with traditional food manufacturers.

POS

Point of sale

SOR-analysis

Strategic orientation round (SOR) analysis is the continuation of the SWOT-analysis (see there), because identification of SWOTs alone is not providing a good base for further strategy development (Januszewska et al., 2005; MDF, 2004; Vermeire et al., 2007). With SOR-analysis it is possible to identify those opportunities and threats which match best strengths and weaknesses of an organisation and to attain an explicit link between diagnosis and assessments for strategic decisions and action plans (MDF, 2004). In case an item can be assigned to several constraints it is necessary to seek for an explanation of the apparent contradiction (Hill and Westbrook, 1997). This is because the quality of the SOR-analysis is heavily dependent on the quality and clarity of the SWOT-analysis (MDF, 2004).

SWOT-analysis

In the management and strategy literature the analysis of internal strengths (S) and weaknesses (W) and external opportunities (O) and threats (T) (=SWOT-analysis) is an often mentioned decision-making tool for evaluating the feasibility of a business idea before starting to implement it (e.g. Dyson, 2004; Hill and Westbrook, 1997; Srivastava et al., 2005). The SWOT-analysis is helping firms to be aware of trends in the firm's environment, anticipate on the constantly changing future, maintaining a long-term vision while still focusing on the day-to-day business and to ensure that objectives and actions are coherent (Tidd et al., 2005, p.112). Thereby, it is very important to not formulate general points but to specify and verify each of the SWOTs as much as possible (Hill and Westbrook, 1997).

TFPs – Traditional food products

Within the TRUEFOOD project Traditional food products are defined according to four aspects:

1. **PRODUCTION:** key steps of the production must be local (national/regional/local). Once firms start to produce in other countries, the food is no longer considered as traditional.
2. **AUTHENTIC¹:** the product has to fulfil at least one of the following steps
 - Authentic recipe (mix of ingredients) and/or
 - Authentic origin of raw material and/or
 - Authentic production process
3. **COMMERCIALY AVAILABLE:** for the public for at least 50 years (= 1950 and before) in stores or restaurants; it may happen that during that period the food product disappeared from the market, but it was on market at least 50 years ago.
4. **GASTRONOMIC HERITAGE:** the product must have a story which is -or can be- written down in 2-3 pages

¹ Authenticity refers to the 'history' and 'originality'.

- Authentic recipe (mix of ingredients) → original, long known recipe
- Authentic origin of raw material → use of the same kind of raw material, originally used when product was developed
- Authentic production process → following the original production process, established when product was developed

Annexes

Annex 1 – Calculations of SWOT and Action plan scores

SWOT-scores based on Strengths-opportunity confrontation*

	SWOT SO Hungary	SWOT SO Italy	SWOT SO Belgium	Average
Involvement of the consumer	2,66	-	2,67	2,67
All-in-one packaging	2,5	-	2,75	2,63
E-commerce	2,5	-	2,67	2,59
Joint distribution	2,82	-	2,17	2,50
Regional corners	2,66	2,33	-	2,50
Specialty shop	-	2,66	2,33	2,50
Networking facilities	2,5	2,33	-	2,42
Fast food chains	2,5	2,44	1,58	2,17
Joint promotion	2,25	2,08	-	2,17
Moving outlet	-	2,08	-	2,08
Agro-tourism	-	2,17	1,78	1,98
Small area penetration	2	1,4	-	1,70

* In case SWOT-analysis was conducted several times for a strategy only the most recent score is considered.

Action plan scores indicating the total resource intensity*

	Action Plan Hungary	Action plan Italy	Action plan Belgium	Average
Regional corners	141	120	-	130,5
Small area penetration	-	115	-	115
E-commerce	-	108	-	108
Joint distribution	100	-	-	100
Specialty shop	-	-	97	97
Moving outlet	-	-	95	95
Fast food chains	51	117	-	84
Joint promotion	78	-	-	78
Agro-tourism	77	77	-	77
Involvement of the consumer	-	-	68	68
All-in-one packaging	45	-	-	45
Networking facilities	-	-	43	43

* In case an action plan was evaluated/filled-in several times for a strategy only the most recent total score is considered.

Scores of the Hungarian applicability test, 7-point Likert scale

	Average applicability score
Regional corner	5,75
Specialty shop	5,41
All in one packaging	5,33
Networking facilities	5,00
Joint promotion	4,83
Agro tourism	4,58
Joint distribution	4,50

Moving outlet	4,17
Small area territorial penetration	3,66
Involvement of the consumer	3,50
Fast food chain	2,66
E-commerce	1,40

Annex 2 – Questionnaire of the Hungarian applicability test

Questionnaire

Evaluation of innovative distribution strategy

Please indicate on the scale below how feasible and applicable you consider the following distribution strategies! 1= less feasible, 7 = most feasible.

1. Joint distribution

1	2	3	4	5	6	7
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2. Joint promotion

1	2	3	4	5	6	7
---	---	---	---	---	---	---

3. Agro-tourism

1	2	3	4	5	6	7
---	---	---	---	---	---	---

4. All in one packaging

1	2	3	4	5	6	7
---	---	---	---	---	---	---

5. Regional corner in the supermarkets and in other POS

1	2	3	4	5	6	7
---	---	---	---	---	---	---

6. E-commerce , B2B –B2C

1	2	3	4	5	6	7
---	---	---	---	---	---	---

7. Fast food chain for traditional foods

1	2	3	4	5	6	7
---	---	---	---	---	---	---

8. Small area territorial penetration

1	2	3	4	5	6	7
---	---	---	---	---	---	---

9. Delicatessen shop

1	2	3	4	5	6	7
---	---	---	---	---	---	---

10. Involvement of the consumer

1	2	3	4	5	6	7
---	---	---	---	---	---	---

11. Networking facilities

1	2	3	4	5	6	7
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12. Moving outlet

1	2	3	4	5	6	7
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