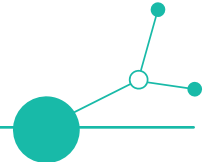


ALTERNATIVE FOOD NETWORKS IN SLOVENIA

Short report summary





Food4CE

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1. Executive summary

The report aims to analyse Alternative Food Networks (AFNs) in Slovenia, highlighting their role in promoting sustainable and locally driven food systems. It examines the current state of AFNs and its business characteristics and assesses their contributions to local economies and community building. The report introduces AFNs and their importance in Slovenia, details findings from the research on AFNs and outlines the challenges and opportunities, faced by AFNs.

In the research 67 potential AFNs were identified in Slovenia, of which 30 were considered as best practices. These networks, which range from community-supported agriculture to farmers' markets and food cooperatives, emphasize strong connections with local farmers, short supply chains, and reduced carbon footprints, focusing on quality and local production over cost competitiveness.

However, AFNs in Slovenia face challenges such as fragmented production, logistical complexities, and competition from large agribusinesses. Additionally, meeting diverse buyer requirements and navigating food safety regulations further complicate their operations. Despite these obstacles, there are significant opportunities for growth through improved marketing, promotion, and the adoption of digital technologies. By leveraging synergies within their networks, AFNs can enhance efficiency and sustainability. Nevertheless, policymakers should support these networks by easing regulatory burdens and facilitating market access, thereby ensuring their valuable contribution to food security and environmental sustainability.

About the Food4CE project:

Food4CE is a European project funded by the INTERREG Central Europe Programme, aimed at supporting Alternative Food Networks (AFNs) in their efforts to create sustainable and resilient food supply systems. Within Food4CE 5 local and 1 Transnational Innovation Hub (IH) will be established and will focus on advancing AFNs logistics efficiency through the development of innovative tools and solutions.

Two innovative tools, the Knowledge Transfer Platform and the Matchmaking Platform will be developed within the project. The former is intended for sharing logistics best practices and solutions, while the latter is intended for creating new B2B logistics solutions and services. The aim is to facilitate knowledge transfer and exchange between different regions and actors, and to create a unique mutual support network for AFNs in Central Europe.

Food4CE will also provide jointly developed regional action plans for each participating region and transnational (CE) policy guidelines for AFN support. The project aims to establish a sustainable and lasting AFN support mechanism, which will continue working even after the project end.

By establishing local and transnational Innovation Hubs and developing innovative tools and solutions, the project aims to facilitate knowledge exchange and cooperation between different actors and regions, leading to a sustainable and lasting AFN support mechanism.



2. Alternative Food Networks (AFNs) in Slovenia

Alternative Food Networks (AFNs) in Slovenia have been gaining more attention and recognition in recent years. AFNs, which prioritize sustainable and locally sourced food, have been embraced by consumers who value transparency, quality, and want to support local producers. These AFNs not only provide consumers with access to fresh and nutritious food, but also create opportunities for direct relationships between producers and consumers. By strengthening the connection between producers and consumers, AFNs in Slovenia play a vital role in promoting sustainable and locally driven short food supply systems.

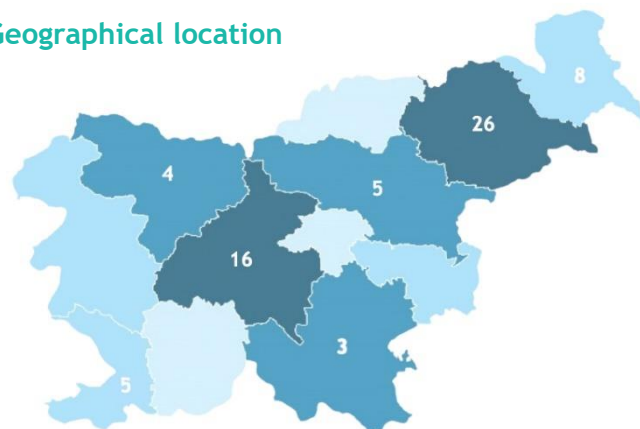
In the research more than 67 potential AFNs have been identified in Slovenia, ranging from community-supported agriculture initiatives to farmers' markets and food cooperatives. These AFNs are diverse in their approaches and goals, but they all share a common commitment, that is promoting local, sustainable, and just food systems. AFNs in Slovenia offer consumers a viable alternative to the conventional food system by providing them with access to locally sourced, healthy, and environmentally friendly options. They also foster community building and contribute to the development of local economies, as they prioritize supporting small-scale farmers and producers within the region. Using these alternative food networks in Slovenia as sources can provide valuable insights into the efforts and impact of AFNs in promoting sustainable and locally driven food systems.

2.1. Research overview

Among the 67 recognized AFNs in Slovenia, 24% were categorized as **direct**, 27% as **intermediary**, and 49% as **advanced** in terms of their complexity level. Notably, 30 of these networks were identified as potential best practices, constituting 45% of the total.

Geographically, the Podravska region hosts the highest number of Alternative Food Networks (AFNs), accounting for 39% of the total, followed by the Osrednjeslovenska region, which is home to 16 AFNs, and Pomurska with 8 AFNs.

Geographical location



AFNs in Slovenia offer a diverse product assortment, including **shelf-stable**, **refrigerated**, and **frozen items**. Stock items are the most popular within the shelf-stable category, accounting for 87% of sales, followed by beverages at 64%, vegetables at 55%, and fruits at 48%. In the refrigerated category, eggs and dairy products dominate with a 45% share, while meat and fish account for 38% of sales. Frozen products are less common, with only 6% of AFNs including them in their offerings.

In terms of distribution channels, six primary methods have been identified, where the most prevalent distribution channel is self-collection, utilized by 51% of AFNs, followed by own delivery, used by 37% of AFNs. Shops at producer's site are available in 37% cases, while 34% use parcel service for distribution of

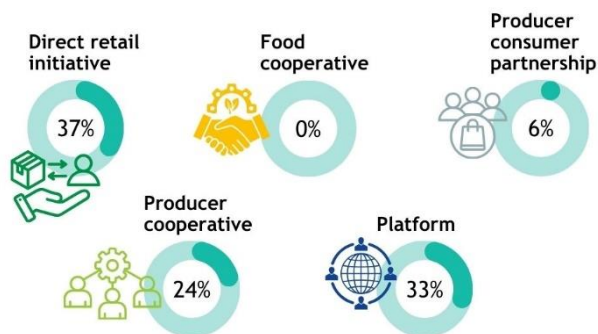


their products. Roadside sales are the primary selling point for only 2 AFNs, and 27% of AFNs utilize market stalls for their product sales.



Furthermore, five types of AFNs have been identified in the research: direct retail initiatives, food cooperatives, producer-consumer partnerships, producer cooperatives, and platforms. **Direct retail initiatives** involve producers selling directly to consumers, often using their own websites or social media channels, thus bypassing traditional distribution channels. **Food cooperatives**, which are community-centric and member-owned, were not identified in Slovenia. **Producer-consumer partnerships** allow consumers to pay an annual fee for a share of the harvest, with options for delivery to their homes. **Producer cooperatives** focus on streamlining production and distribution processes to enhance efficiency. Lastly, **platforms** act as digital shops and forums, boosting visibility and traceability for producers by allowing them to promote and sell their products online.

Among analysed AFNs, the most common form are direct retail initiatives (37%), followed by platforms, which comprise of 33% of the total share, while producer cooperatives account for 24%. Food cooperatives and producer-consumer partnerships were the least prevalent form of AFNs. Limited adoption of these forms can be attributed to higher logistical complexities, the need for greater consumer commitment, and challenges in aligning expectations between producers and consumers.



In continuation, the results of survey analysis of AFNs with advanced level of complexity will be presented.

2.2. Assessment of advanced AFNs

The researched sample consisted of 16 advanced AFNs, who participated in the survey. Only AFNs with advanced level of complexity have been chosen for the survey as it is most likely that their practices could serve as potential cases of best practices. Note: advanced level of complexity means that AFNs have their online platforms for selling their products and offer delivery with its own vehicles and/or through logistics operators. These AFNs consistently prioritize: a) direct sales of local food products to nearby customers and b) the optimization of product transportation. The vast majority of these AFNs also demonstrate a strong commitment to product traceability, reduction of intermediaries in the supply chain, community engagement, and fair pricing strategies. These findings highlight the dedication of Slovenian AFNs to fostering **transparent**, **efficient**, and **socially responsible food systems**.



2.2.1. Storage methods

The storage methods of AFNs product assortment show that vegetables and fruits were predominantly stored in refrigerated units (79%), suggesting a focus on freshly produced products. Eggs and dairy products were primarily refrigerated, which is expected due to their perishability. Meat and fish products were exclusively refrigerated, reflecting stringent preservation requirements and temperature treatment. Substitute products and stock products show a balance between shelf-stable and refrigerated methods, indicating versatility in storage and potentially longer shelf life. Baked goods were mostly shelf-stable with a single instance of freezing, suggesting a preference for immediate consumption or ambient storage. Ready-to-eat meals and drinks were more commonly refrigerated, emphasizing the need for remaining fresh and of good quality. Non-food products were largely stocked on shelf-stable, implying less stringent storage requirements. **Overall, the absence of frozen goods across all categories highlights consumer preference for fresh daily products.**

2.2.2. Distribution channels

AFNs use several distribution channels when delivering their products. **Own delivery** is the most utilized method among the surveyed AFNs, with an average usage ratio of 72% and the highest variability. The results suggest a strong preference for direct control over product distribution, though there is notable variability among companies in the extent to which they rely on this method. **Transport service** is used less frequently, with a lower average ratio of 13% and moderate variability. The **shop at producer's site** has a significant average ratio of 19% yet exhibits the highest variability, indicating that for some producers, it is the primary distribution channel, while for others, it can be perceived as negligible. **Self-collection** also shows a considerable average (27%) with high variability, suggesting a preferred channel for some AFNs. Overall, AFNs predominantly prefer their own delivery for distribution, though they exhibit significant variability in their use of different channels.

2.2.3. Key customers

The customer base of the surveyed AFNs shows diverse and dynamic market segments. **Private consumers** emerge as the dominant customer group, accounting for an average share of 69%. **Industrial food processors**, on the other hand, occupy a relatively small niche, with an average share of 2%, indicating that this segment is not the primary focus for most surveyed AFNs. **Wholesalers, distributors and HoReCa (Hotels, Restaurants, and Cafés)** sectors each exhibit moderate average shares of 8%, respectively. The varying levels of dispersion within these segments suggest that AFNs have adopted differing degrees of reliance on these channels. **Public institutions**, however, stand out as a notable segment, with an average share of 25%, indicating that a significant number of surveyed AFNs have a strong focus on supplying this segment as to cater the specialized needs of institutional kitchens and dining facilities.



Understanding the relative importance of each customer segment, along with the specific needs and preferences within each group, can help AFNs tailor their offerings and marketing efforts accordingly.



Moreover, analysing the dispersion within each segment can shed light on opportunities to expand market share and gain a competitive advantage.

2.2.4. Marketing channels

AFNs have identified several advertisement channels for marketing purposes of its local products. Traditional media, such as newspapers, TV, and radio show relatively average usage percentages, suggesting a shift towards digital platforms. In the 21st century, where **digital marketing** is a must, digital channels, particularly social media, direct e-mail, and an organization's own homepage are among the most utilized, with **social media** leading at an average of 27%. Notably, direct mail shows an average allocation of 12% but with a high variability, indicating a varied approach towards this channel. **Offline advertising** and **direct communication** also play significant roles, suggesting a balanced approach to both digital and personal customer engagement strategies. Overall, the data suggests a dynamic and multifaceted advertising landscape, where **digital platforms are dominant but complemented by traditional and innovative methods**.



27%



26%



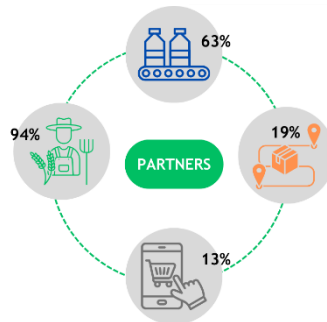
25%

2.2.5. Value proposition

Key activities, essential for AFN value proposition, are **quality control** and **customer service**, which are of paramount importance, with 75% of respondents confirming its importance, thereby indicating a strong focus on maintaining standards and customer satisfaction. **Marketing and advertising** follow closely with 63%, reflecting the need for visibility and brand positioning in the market. **Retail services** also stand out, with half of the respondents recognizing their significance. In contrast, administrative operations, technology development, and product development are less emphasized, suggesting a priority on direct customer-related activities over back-end processes. This data clearly shows that AFNs prioritize maintaining product quality, while engaging with customers, and effectively promoting their offer.

2.2.6. Key partners

The most important partners for AFNs are **local farmers**, with a significant share of 94% relying on them. This suggests a strong dependency on local agriculture and a likely commitment to local sourcing. **Food processors** also play a vital role, with 63% of the AFNs considering them important collaborators, thereby reflecting the interdependence within the food supply chain. **Transport and logistics providers**, as well as intermediaries, such as **retailers and IT platforms**, show a less substantial influence on company operations, with transport and logistics providers being integral to only 19% of respondents and intermediaries to 13%. This suggests that while these services are utilized, they may not be as important to the business model as direct sources like local farmers, who are vital for 94% of the businesses surveyed.



2.2.7. Market presence

Based on the AFNs operational years in short food supply chains data analysis an average operational period of 15 years is indicated. There is a considerable variability between operational years, with some being relatively new (minimum of 3 years) and others being well-established (up to 75 years). **The presence of AFNs with varying operational histories suggests a dynamic and evolving ecosystem in the short food supply chain sector.**

2.3. Challenges and opportunities for AFNs

AFNs in Slovenia face significant challenges, such as **consistently providing specific foods in certain quantities and times of the year**, which is difficult due to **fragmented production, insufficient output, and temporal disparities** in agricultural sectors. They rely heavily on local farmers, and building strong relationships is essential for supply chain resilience. Additionally, the logistics of meeting diverse buyer requirements, such as **public procurement laws for institutions** and the **unique needs of the HoReCa sector**, complicate operations. Navigating food safety regulations and **competing with large agribusinesses**, which have broader markets and more experience, further adds to the challenges.

Despite these hurdles, there are also opportunities for AFNs to broaden their market presence. Integration in areas like marketing and promotion could lead to **cost reduction** and **reduction of environmental footprint**. The variety in operational duration, expertise, and logistic solutions among AFNs allows for innovative strategies **targeting niche markets**. **Networking and collaboration among AFNs to share information, knowledge, and successful practices present pivotal opportunities for future growth and sustainability.**

Furthermore, opportunities for AFNs lie also in **harnessing digital technologies** for marketing, distribution, and customer expansion. The current use of digital platforms points to an awareness but also indicates potential for more profound integration of newly developed solutions.

The potential of AFNs in **contributing to broader policy objectives**, such as food security and environmental sustainability is however significant and warrants further exploration. From a policy standpoint, **supporting and promoting AFNs through tailored initiatives could strengthen local food systems and economies.**

Therefore, policy implications should focus on creating environments conducive to the growth of AFNs, such as easing regulatory burdens and facilitating market access. Policymakers should consider measures that recognize and support the unique role of AFNs in the food supply chain, like tailored financial support and assistance in regulatory navigation.

Frequent dialogues between AFNs and policymakers are needed, as they are crucial for developing innovative agrarian policies that reflect the evolving needs of the modern food landscape. Hence, future research should quantify the economic impact of AFNs, assess the benefits of technological integration, and explore consumer behaviours related to AFN product range. This data-driven approach could further guide



policy development, ensuring that AFNs are not only preserved but also positioned well in the short food supply chains.