DIRECT SALES AS AN EXAMPLE OF A DISTRIBUTION CHANNEL WITHIN THE MAŁOPOLSKIE REGION

Key words: direct sales, organic food, producer, customer

ABSTRACT. The purpose of the study was to attempt to present examples of projects related to direct sales within the Małopolskie Province aimed at selling and promoting certified organic products. Direct sales are one of the best forms of a distribution channel between a food producer and a consumer. Direct contact gives measurable benefits on both sides of this chain, fosters raising the quality of offered products and ecological awareness among consumers. The offer proposed by producers often includes certified organic products. The Małopolskie Province is characterised by high agricultural fragmentation. In order to survive on the market, small farms change the profile of their farms, often to organic plant production. Growing awareness of customers with regard to ecology causes producers to strive to certify their farms. This is certainly connected with quality and food security. The analysis covered two types of projects that are characterised by an innovative approach: the Odrolnika.pl project and Targ Pietruszkowy (Parsley Market) in Cracow. The research tool was an interview questionnaire, and the research method was a case study. The research was conducted among the leaders of both projects in 2018. The Odrolnika.pl project and Targ Pietruszkowy in Cracow are very good examples of direct sales and the promotion of certified organic food with the simultaneous familiarisation of customers with the values of such products. This is possible due to direct contacts of food producers with consumers.

INTRODUCTION

The idea behind direct sales of agricultural and food products is making products produced by farmers available to final consumers without any intermediary [Kretter, Kádeková 2012, Minta, Uglis 2018]. The direct channel consists of two levels, i.e. the producer and the final buyers of his products. Such a system of distribution has no intermediary entities, which means that the producer reaches the final buyers with his goods at his own expense and risk [Gołębiewski, Bareja-Wawrys 2016].

In the economic dimension, direct sales of food are a form of differentiation of income sources for farmers, management of risk involved in running agricultural activities, increase in the income of the agricultural company, and the professional stimulation of rural area inhabitants. It means shortening the food marketing chain, enabling direct relations of farmers – producers, who are, at the same time, product vendors, with consumers [Kapała et.al. 2015]. The social advantages of such a form of sales include, first of all, close contact...
with the customer, which allows the seller to learn the customer’s needs and expectations and quickly respond to changes in preferences, an uninterrupted flow of information about the product and full control over its movement, as well as building the consumers’ trust to food thanks to familiarity with conditions in which the food is produced [Czubała 2001, Koreleska 2008, Panin et al. 2015].

There are many initiatives in the European Union which aim to highlight the role and importance of direct selling. An example of such an initiative is the creation of an internet platform in the UK, e.g. “Pick Your Own – PYO”. This platform connects consumers looking for opportunities to harvest fruit and vegetables themselves with producers who can offer such opportunities. In addition, the platform provides a wealth of information and advice on, among other things, the processing and storage of harvested products. Another interesting phenomenon can be seen in Berlin. It consists of the establishment of farms in the city, run by the city’s inhabitants (example: Prinzessinnengarten in Berlin). The local inhabitants have been growing vegetables and fruit for their needs and for sale. In addition to these initiatives, there are also markets with agricultural producers where their products can be sold. Examples of such markets are the Earth Markets, London Farmers Markets and Camara Agraria, Spain [FAOW 2018].

Also, in Poland, there are many interesting examples of the concept of direct sales in the field of agri-food products. Often, direct sales are popular among farmers producing organic food. Importantly, it often complements the tourist offer, especially in agrotourism farms. An example of promoting direct sales are initiatives to create, among other things, the Association of theOdrolnik Group, the Parsley Market in Cracow, the Spring Market in Cracow and the “Weekend Eko” in Poznan. Another interesting example is the establishment of a cyclical ecological fair (once every two weeks) under the banner of “Open Gates” organized by the Eastern Mazovian branch of the Ekoland Association. In Wrocław, on the other hand, consumers can buy fresh food directly from the “Short Way” Organic Bazaar. Home delivery of organic food is becoming more and more popular among consumers. An example of such an initiative is the concept offered by several organic farmers from Krakow, who created the “Borrow” group. It deals with the preparation of packages with fresh eco-products [Witryna Wiejska 2014].

The Małopolskie Province is characterised by high agricultural fragmentation, where the average area of farms, according to the Agency for Restructuring and Modernisation of Agriculture (ARiMR), amounts to 4.04 ha [ARiMR 2018]. The small scale of agricultural production at farms often prevents the sale of products without intermediaries and the negotiation of right prices [Prus 2018]. It also hinders the functioning of food industry companies and the implementation of innovations, which would allow to obtain higher prices in the future both for agricultural raw materials and food products [Matysik-Pejas et.al. 2014]. Therefore, the creation of short supply chains allows owners of small and medium-sized farms to raise their income by bypassing commercial margins, over which the agricultural producer does not have much control [Sieczko et. al. 2016, Minta, Kalinowski 2013]. Innovation in the scope of direct sales in the Małopolskie Province lies in the production and sales of non-processed organic products, which are delivered directly from the producer to the consumer [Wojcieszak, Szalaty 2017]. In the opinion
of Ewa Koreleska [2017], searching for and presenting benchmark examples of organic farms successfully existing on the market is an incentive and example to follow, also with regard to the selection of distribution channels. Therefore, the purpose of the study was to attempt to present examples of projects related to direct sales of certified organic products from the Malopolskie Province.

MATERIAL AND METHODS

The first part used the method of library research, enabling the analysis of subject literature related to the essence of direct sales and binding regulations, using scientific and popular scientific studies.

In the empirical part, the case study method was applied, which served to prepare the collected data. The research tool was an interview questionnaire, conducted among the leaders of two direct sales projects within the Malopolskie Province: Odrolnika.pl and Targ Pietruszkowy (Parsley Market). The studies were carried out in 2018.

The essence of the case study method is that it takes into account a comprehensive approach to the observation, reconstruction and analysis of the studied phenomena. In addition, it enables the incorporation of an “actor’s” view into the study [Zonabend 1992, p. 49-60]. A case study is a summary or synthesis describing a situation or event that actually took place, on the basis of a combination of conducted research and analyses and collected data. The purpose of the case study is to make information and experiences available to persons who are not involved in the described situation. A case study is not intended to encourage the repetition of existing models or set out universal standards of best practices but should support practitioners and encourage them to search for solutions adequate to a specific situation they are faced with, using the experience and reflections of other people [Akademia Partnerstwa 2010].

The case study described in the paper allowed to draw conclusions with regard to direct relations between a producer and a consumer. The knowledge obtained as a result of the case study may be used in practice when creating similar projects.

RESULTS

Subject literature distinguishes three models of direct sales:

- the classic direct model that consists of the direct contact between the seller and the consumer,
- the classic shipping model (by mail),
- non-classical shipping model (online); in the case of the last two models, there is virtually no contact between the seller and the consumer [Waszczyk, Radecki 2005, Bogusz, Kania 2014].

Direct sales bring the following benefits to the agricultural producer and food:

- it significantly affects the increase in farm income;
- it motivates to invest and develop production;
- it creates the producer’s own brand and brings benefits to the consumer;
- it provides direct contact with the food producer;
- it allows for the purchase of fresh products;
- it gives the possibility of quickly assessing the quality of products in the presence of the producer;
- it allows for price negotiations [Sałata 2011, p. 5, Michalak 2013, p. 119-122].

In countries of Western Europe, direct sales are expressly related to organic agriculture, since products of this agriculture are particularly sought by customers wanting to have an informed choice [Dziedzic 2006, Kowalska, Bogusz 2018]. In Poland, such a form of sales of organic products is an innovation, which has been introduced e.g. within the Małopolskie Province. First of all, it is a good guideline for people wanting to undertake such activities as delivering products produced in certified organic farms to customers from big cities, directly to their homes.

Examples of such projects created and successfully functioning within the Małopolskie Province are Stowarzyszenie Grupa Odrolnika (the Odrolnika Group Association) and Targ Pietruszkowy in Cracow.

Stowarzyszenie Grupa Odrolnika was established in 2007. Since the very beginning, the group consisted of eight agricultural producers with certified ecological farms. All farms are located in the Małopolskie Province – it is in the south of Poland, characterised by high agricultural fragmentation. The aim of the project is: the direct sales of agricultural products from small and family farms in order to enable their continued existence [Odrolnika.pl 2018].

The mission of the association is: the creation and support of initiatives fostering the sustenance of small traditional farms, old species of animals and old plant varieties, and thus the preservation of traditional Polish rural areas for future generations and the development of a direct sales market of agricultural products from small farms [Odrolnika.pl 2018]. The surface area of farms varies from 1 ha to 20 ha of arable land, but most farms oscillate around the average for the Małopolskie Province – ca. 3 ha. These farms are specialised in the production of fruit and vegetables. Under the Odrolnika.pl project, the following are sold:
- organic food produced under the supervision of the certifying institution,
- traditional food produced on a small scale in an environmentally-friendly manner, but without the supervision of a certifying institution,
- products entered on the list of traditional products registered in the database of traditional products, run by the Ministry of Agriculture and Rural Development. [Odrolnika.pl 2018].

Currently, within the odrolnika.pl group, direct sales are conducted using various methods:
- online (a parcel from a farmer delivered to customers in cities),
- a physical store,
- organic and local product markets,
- on a farm (during open days) – the buyer has the opportunity to harvest directly from the field, collecting products from the farm or purchase them at a point of sales on the farm [Odrolnika.pl 2018].
It should be emphasized that the Odrolnika.pl project has a very well-prepared website www.odrolnika.pl, where – on numerous tabs – customers can become familiar with the offer of agricultural products, read short notes about farmers taking part in the project, as well as find information on how the consumer can purchase products and share their opinions about the quality of the assortment being offered. The website also features a tab about the possibility of joining the association as a producer. This indicates that the group members expand not only their offers, but also the range of direct sales [Czekaj 2013, Brzeziński et.al. 2014].

The Odrolnika.pl project has become a starting point in many initiatives among farmers, who still wanted to run their farm, but their acreage was so small they were unable to solely live off of agricultural activities. That is why the project was created, which has become the basis for introducing many initiatives, among others, the promotion of healthy food in agritourist farms or the development of the Local Product Centre. For this group of farmers, this is, above all, a very good idea for the promotion and sale of agricultural products from their small farms, directly to the consumer. The positive opinions of consumers indicate a tremendous demand for direct sales and are a confirmation of proper distribution logistics. Owners put emphasis on credibility – on the fact that their food is undeniably organic, and thanks to that they certainly fit within the specific ecology “trend” that has been popular on the Polish market for a long time.

Another example of direct sales is the market created in Podgórze (a district of Cracow), where it is possible to buy fruit and vegetables. The idea behind creating such a farmer’s market had been gestating for many years. The project operated under the informal name Targ Pietruszkowy (the Parsley Market). The establishment of the market became possible no sooner than in 2013, thanks to funds obtained by the PODGORZE.PL Association from the Swiss-Polish Cooperation Programme (via the Environmental Partnership Foundation). Initially, the market was seasonal and was open from June to October. The idea of selling natural and organic products directly from farmers of Małopolska has been met with great popularity since the very beginning and, as early as in 2014, the Podgorze.pl Association decided that the market should be open for the whole year. In connection with the development of Targ Pietruszkowy and ideas for new actions, in December 2015, the Podgorze.pl Association appointed the Targ Pietruszkowy Foundation, which was officially registered in May 2016. It consisted of members of the association. The Foundation took the organisation of the market and development of other culinary projects over [Targ Pietruszkowy 2018].

The main mission of Targ Pietruszkowy is connecting people: customers with local (within a range of up to ca. 150 km from Cracow) food suppliers. The goal of the Market is to supply organic, fresh, natural and pesticide-free products [Targ Pietruszkowy 2018]. Values that are the most important for the market are:

- naturalness, namely the confidence that food sold at the Market is healthy and organic. It comes, in 100%, from farmers and processors holding organic certificates or owners of small farms (max. 15 ha), where the production process takes place using traditional methods, without using plant pesticides,
- locality, which is one of the most important features of the Market, where it is possible to find food from farms located up to ca. 150 km away from Cracow. As a result, the freshness of products and support for the local community is ensured,
directness, all products are sold by their producers, who personally grow, breed and produce food, and are personally responsible for its quality. Direct sales allow them to get a fair price for their hard work, and customers can meet the farmer who delivers the products from his/her farm [Targ Pietruszkowy 2018].

Targ Pietruszkowy operates on a non-profit basis. This means that all inflows from the Market are allocated for its development. Currently, the profits are sufficient for the organisation of the Market to a basic degree, but the organisers emphasise that they want to develop and e.g. test larger quantities of food provided by farmers, equip stands in lamps or proper coolers. All to provide a comfortable and safe shopping experience to everyone visiting the Market. Each product is certified. Two types of certification are binding at the Market:

- external certificate: awarded by one of the 20 Polish companies that are authorised to grant organic certificates and such food does not require subsequent testing,
- internal certificate: if a given seller does not hold an external certificate, the team visits them to see how the food is produced. For this purpose, products are periodically randomly selected, which are then tested in the laboratory in terms of content of plant protection products and their derivatives, while meat and fish are tested for the presence of antibiotics and artificial feed. Sellers are not given prior notice before the sample collection. Test results are openly available. If the test result is positive and it turns out that the seller used forbidden substances in his/her cultivations, he/she is removed from Targ Pietruszkowy [Targ Pietruszkowy 2018].

Currently, there are 49 registered suppliers, in such categories as, among others, vegetables, bread, poultry, eggs, meat, honey, dairy, cured meats, and herbs.

**SUMMARY**

Direct sales are one of the oldest and best organic food distribution channels. As proven by the case studies described above, they are also possibly the best way for agricultural producers, who – despite small acreage – want to survive on the market and promote their local food. The creation of such projects as Odrolnika.pl and Targ Pietruszkowy provides excellent examples and may constitute good practices for other producers. Such actions involve economic benefits for food producers, namely the omission of intermediaries and the possibility of price negotiation, thanks to which direct sales significantly affect the growth in income from farming. This is a particularly good example of the development of small agricultural farms, which are a characteristic feature of the Małopolskie Province. Furthermore, social benefits can be also seen, both for producers and consumers: the quality of the offered products and the direct contact, the creation of producer brands, and therefore benefits for consumers. In such a form of distribution, customer contact with the producer is invaluable, and thus the building of consumer trust towards food thanks to familiarity with conditions in which it is produced. With regard to the sale of certified organic food, the increase in ecological awareness should also be emphasised. To sum up, on the basis of literature analysis and the case studies described above, direct sales are one of the best forms of distribution channels, from the producer to the customer.


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DIRECT SALES AS AN EXAMPLE OF A DISTRIBUTION CHANNEL WITHIN...

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SPRZEDAŻ BEZPOŚREDNIA JAKO PRZYKŁAD KANAŁU DYSTRYBUCJI NA TERENIE WOJEWÓDZTWA MAŁOPOLSKIEGO

Słowa kluczowe: sprzedaż bezpośrednia, ekologia, producent, klient

ABSTRAKT


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