

Strategies for medium-sized value-based food chains during growing process with a particular focus on the business logic and management concept

Llamas Vacas, R., Muenchhausen, S.v., Haering, A.M.
University of Applied Sciences, Eberswalde, Germany.

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Value-based food chains (VBFC) often grow from niche to a mid-scale volume market. However, the growth process holds some particular challenges. The VBFC address the problems of distrust and disconnection between food producers and consumers. The chains aim to deliver high-quality products and ensure environmentally respectful production systems that also contribute to the local economy and community. For that reason, VBFC usually face higher operating costs than conventional (often large-scale) food chains. The establishment/ expansion of VBFC depend on an excellent information flow between producer and consumer aiming to provide transparency. This transparency is based on the coordination and cooperation between chain members. However, different values, motivations, and a lack of integration within the chain tend to hamper the development of well-working and efficient VBFC.

The paper will describe the business logic and management concept looking closer to the processes behind economic performance and efficiency. The analysis will be based on a literature review and on two case-study businesses of a medium-sized VBFC. The first case study business will be characterized by the quality aspects of its products and/or process and the story behind its production system. The second one will focus on the cooperation and communication between chain partners such as farmers, processors, and wholesalers. The instrument of contracts and the different types of contracts will be of particular interest.

In particular, the paper will focus on:

- The significance of selling products with a particular value such as organic label, regional identity, premium quality, healthy nutrition
- The embedded pricing systems such as supply management with stable pricing and cost of production-based pricing, forward contracting
- The balance between supply and demand volumes such as forms of cooperation, alternative marketing of unsold products.

Based on this analysis, the paper will highlight the criteria of good business logic and a competent management which has been identified as a starting point for the complex and time-sensitive business strategies. Business logic and management concept drive the decision-making in businesses and thus the development of value chains.