

COOPERATIVE SUPERMARKET

AZTI

10. 12. 2019



Project code: 773785

Project acronym: Smart Food Supply Chains

Internal template:

Template for good practice cases

Work package number: T2

WP leader: CBHU

Work package title: Technological and non-technological innovations

Document issued by: AZTI

Delivery month: 8

Version: 1.0

Document language: ENG

Dissemination Level		
PU	Public	
PP	Restricted to other program participants	
RE	Restricted to a group specified by the consortium	
CO	Confidential, only for members of the consortium	CO

1. Title of the case description

COOPERATIVE SUPERMARKET

2. Indicate your role in the Smart Food Supply Chain (AZTI, Project partner):

- individual member of the chain:
- chain operator:
- network operator:
- association:
- technical, scientific, or management expert:
- advisor:
- policy maker:
- other:

3. Indicate the region (if applicable): world-wide supplier network

4. WP2 Cross-reference table

Please indicate with an X in the relevant box of the matrix for which needs and the steps / functions of the supply chain the described innovative solution is applicable

		Individual steps of the SFSC							Short food supply chain as whole						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Needs of the consumers (citizens)	food safety														
	food quality	X	X					X	X	X	X	X			
	trust	X	X					X	X	X	X	X			
	ethical aspects	X	X					X	X	X	X	X			
	accessibility	X	X					X							
Needs of the chain actors	fair price	X	X					X	X	X	X	X			
	increased negotiating power	X	X					X	X	X	X	X			
	shared use of available resources							X							
	product development support														
	access to markets and consumers	X	X					X							
	access to infrastructure														

1: Farming

2: Primary production

3: Transport

4: Processing and packaging

5: Storage

6: Logistics

7: Sale

8: Product integrity, authenticity, transparency

9: Marketing concepts

10: Food chain management and networking for enhancing cooperation among chain actors

11: Business modelling

12: Policy environment

13: Legal requirements

14: Labelling

5. Short description of the innovative solution

- **Describe the specific need or problem being addressed by the case and please explain what is the novelty of this innovative solution**

The need or problem that addressed this innovation solution is the unfair market. Normally supermarkets apply a range of commercial margin from 30 up to 50% of the price of the product. This implies an extremely increment in the final price of the product to be paid for the consumer and a reduced margin for the producer.

The novelty of this solution “Cooperative Supermarket” is that it is a non-profit initiative created by and for the partners (more than 300). The initiative was created because the current supply (especially with regard to food) does not satisfy them, so they work for a different consumption model. Thanks to the common work of producers and consumers they continue to grow. The fundamentals of this cooperative supermarket is based on implementing the common rules (prices, quantities, commercial margin..) fixed by a consensus of the partners. Every year the rules are revised by them. This makes collaboration between different small local producers, reduces the competence between them and gives them a fair market for their products.

The products that can be sold in this collaborative supermarket take into account three main criteria (local, ecologic and fair). All criteria are treated with the same seriousness. Any partner can propose new products, taking into account these criteria and the consumption habits of the group.

- **Describe the enabling function(s) and the practical benefit(s) - (e.g. for which types of problems and opportunities is used and can it be used, and how)**

In collaborative supermarket sellers and buyers are in direct contact by means of a supermarket that have local, fair and ecologic products. The supermarket is placed in a neighborhood of Bilbao.

The practical benefit of this innovation in business is for both producers and buyers, due to the fact that for both of them this is a fair business. For the part of the consumer they know and trust about the final price and the quality of the products. There are no intermediaries between the transaction, so the product has a fair price and the seller is correctly paid for their effort.

- **Describe the method/procedure/technology/solution implemented. (Please explain, whether the innovative method is a product / service / process / marketing or organizational / management innovation) After completing the description, please indicate, whether this innovation is a technological or non-technological one.**

The business innovation “Collaborative supermarket” is a project that seeks to strengthen local consumption, ecologic and fair.

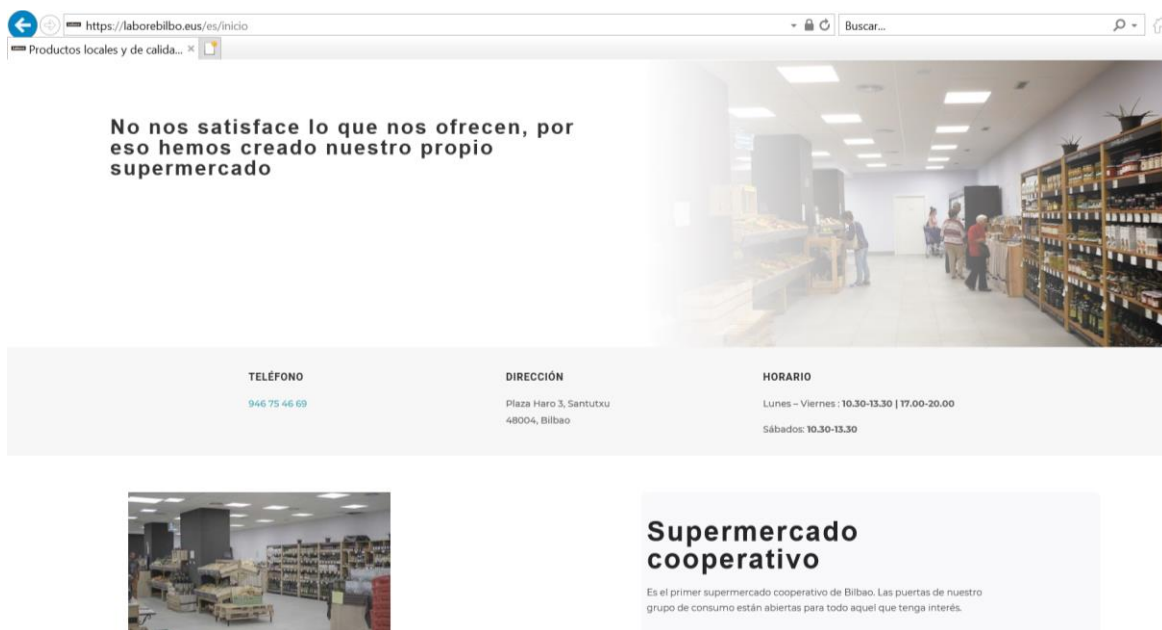
This project was launched in 2017 and nowadays there are more than 300 producers as partners of the project. In the development of the project not only have been the partners (many of them grouped into consumer groups), but also producers and other groups of all kinds that have established alliances around Labore Bilbo. "This is not just a store, we have a firm social commitment from the base of the transforming economy," they say. To participate it is necessary to pay a registration fee of 20 euros and 60 per year.

In the store you can buy a wide range of fresh and processed products. On the shelves, members can find vegetables, fruits, infusions, nuts, cereals, legumes, preserves, dairy products, eggs, cheeses, bread, sweets, fair trade products such as coffee, sugar and cocoa, rice, pasta, oils, Meats, sausages, beverages, cosmetics and cleaning supplies.

To be part of the collaborative community is very simple, you only have to enter in the web page, download the template and fill in with your data and finally send it by e.mail.

technological

non-technological



1. Figure: Laborebilbo web page

- **Describe the business, which implemented the innovated solution (size, country, region, location, type of food)**

This innovation can be used for a small/medium sized business and no matter of the country region, location of type of food.

- **Describe the distribution channels of the product(s)**

The distribution channel is the collaborative supermarket

- **Describe what makes the innovation work.**

- In “collaborative supermarket” sellers and buyers are in direct contact by means of the supermarket.
- The solution gives quality products at a fair price to the consumers.
- Producers received a suitable money for their products that corresponded to their effort.

- **Describe the specific prerequisites for the business related to the implementation of the method and/or related to the location, method, procedure, solution**

a: List the relevant necessary resources (including the estimated cost) for the specific innovation.

Please list the relevant ones only (list is annexed)

MATERIALS:

- Local food products
- local perishable

HUMAN:

- human resource for operation (1 person to update the products and to another one to attend the supermarket,..). The skill for one person could be an administration profile and for the other one seller profile.

INFRAESTRUCTURE:

- facilities 500 square meters

FINANCIAL

- estimated cost: 20€ to be a partner and 60€/year to maintain the project.

b: List the relevant necessary capabilities for the specific innovation. Please list the relevant ones only (list is annexed)

TRUST:

- ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
- ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);

ETHICAL ASPECTS

- ability to understand consumer needs for ethical behavior related to the specific product(s) of the SFSCs;
- culture for ethical food production and supply;
- ability to implement necessary measures to ensure ethical food production and supply;
- ability to access the consumer willingness to pay for products meeting ethical aspects

ACCESSIBILITY TO THE CONSUMERS:

- ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
- efficient, innovative sales methods;
- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;

FAIR PRICE:

- collecting marketing information;
- ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management;
- ability to define, develop or maintain unique quality of products and augmented services;
- ability to develop and implement new business models;
- ability to access the consumer willingness to pay for fair price

INCREASED NEGOTIATION POWER:

- ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
- ability to define, develop or maintain unique quality of products and augmented services;
- ability to develop and implement new business models;

SHARED USE OF AVAILABLE RESOURCES:

- ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
- the level of value chain management culture;
- ability to access the consumer willingness to pay for food with reduced environmental impacts

ACCESS TO MARKETS: AND MARKET SUCCESS:

- effective promotion, customer service, efficient and innovative sales methods;
- ability to understand consumer's needs;
- ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
- ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.

- **The method/technology was established by**

NAME: Labore Bilbo Kontsumo Elkarte

ADDRESS Plaza Haro 3, Santutxu, 48004, Bilbao

DEALER AND SERVICE POINTS: Spain

APPLICATION AREAS:

The innovation is applicable to food products

6. Describe the results, achievements and typical failures

- Better structure business organization (centralization of products by different producers, ...).
- Saving marketing margin by intermediates because there are no intermediates
- Fair prices for both customers and producers.

7. Summarize what makes the case to a good practice for the members of the SFSCs (e.g. lessons learned)

The innovation proposed make possible to increase the profit for the producers and to pay a fair price for the consumers. The “collaborative supermarket” make it easier the way of buying local, ecologic and fair products.

8. Aspects, methods for transfer of methods for other SFSC members

This technology is applicable to various SFSC members, it is mainly recommended for small/medium companies and first transformation industries. It is better to use it as near to the producer and the consumer because this innovation makes it possible to connect them directly.

9. Recommendations for members of other SFSCs for further applications

This “collaborative supermarket” is useful for every business no matter the product to be sold because make it reduce the “distance” between the producer and the consumer.

10. More information is available at (web), if it is relevant

<https://laborebilbo.eus/es/inicio>

Annex

1. Checklist for necessary resources (tangible and non-tangible):

- materials (access to: raw materials/ ingredients - including volume, land – including size, packaging materials)
- human: labour force: size, knowledge & skills (production, technical, marketing, managerial, ICT, financial, etc.)
- technology: patents, know-how, trademarks, copyrights, trade secrets
- infrastructure, equipment, facilities, - size, minimum volume of production/sales, IT infrastructure
- information, reputation, brand, trust
- financial*

*: estimated cost:

0 -	10 000 Eur
10 001 -	50 000 Eur
50 001 -	100 000 Eur
100 001 -	300 000 Eur
300 001 –	1 000 000 Eur
1 000 000 Eur above –	

- other specific necessary resources for the application of the specific innovation

2. Checklist for the necessary capabilities

- **food safety:**
 - basic skills to comply with the EU food safety regulations
 - ability to understand what makes the product safe (the key controls, which ensure the safety of the product – biological, chemical and physical hazards, providing the safety shelf life of perishable products)
 - food safety culture (motivation, responsibility for food safety) and basic skills for the implementation of HACCP

- **food quality:**
 - ability to define the target segments of consumers for SFSCs
 - ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;
 - ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers;
 - food quality culture (motivation, responsibility for food quality);
 - production experiences which help to provide the expected quality reliably, uniformly;
 - ability to provide distinguishable quality which meets the needs of the targeted consumer segment;
 - meeting (local) legal requirements, application of the labelling rules;
 - ability to access the consumer willingness to pay for specific products of SFSCs.

- **trust:**
 - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
 - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
 - application of the labelling rules and branding (mandatory and voluntary);
 - ability to meet third party certification requirements

- **ethical aspects**
 - ability to understand consumer needs for ethical behaviour related to the specific product(s) of the SFSCs;
 - culture for ethical food production and supply;
 - ability to implement necessary measures to ensure ethical food production and supply;
 - ability to access the consumer willingness to pay for products meeting ethical aspects

- **accessibility to consumers:**
 - ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
 - efficient, innovative sales methods;

- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;
- **fair price:**
 - collecting marketing information;
 - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management;
 - ability to define, develop or maintain unique quality of products and augmented services;
 - ability to develop and implement new business models;
 - ability to access the consumer willingness to pay for fair price
- **increased negotiation power:**
 - collecting marketing information;
 - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
 - ability to define, develop or maintain unique quality of products and augmented services;
 - ability to develop and implement new business models;
- **shared use of available resources:**
 - ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture;
 - the level of value chain management culture;
 - ability to access the consumer willingness to pay for food with reduced environmental impacts

- **input for R+D:**
 - ability to monitor, research, evaluate, and understand the needs and wants of customers and consumers;
 - ability to develop new products, processes, packaging, preservation techniques, systems and access to new markets, including in other categories;
 - access to innovative technologies; distribution and marketing solutions and methods. management systems;
 - access to local input for R+D covered by other aspects

- **access to markets: and market success**
 - effective promotion, customer service, efficient and innovative sales methods;
 - ability to understand consumer's needs;
 - ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
 - unique value propositions;
 - ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.
 - stock control;
 - ability to access to required raw materials within a restricted geographical area

- **access to infrastructure:**
 - ability to use existing own infrastructure in a focused way to serve consumer needs or to combine it with complementary infrastructures of other SFSC actors, cooperation culture;

- **management:**
 - to implement management systems for vision, planning, implementing), coordinating, controlling, monitoring, continuously;
 - improving; ability to motivate, authorize staff;

- **production, processing:**
 - management system, production experience, specific controlling, monitoring, continuously;
 - willingness to consider and ability to evaluate the adoption of TECI and NTI in the current production processes;
 - any additional specific resources necessary for the application of the specific innovation.