



Eat Somerset/Making Local Food Work Distribution Mapping project

The aim of the Somerset distribution project has been to try to improve the efficiency of the supply chain amongst small-scale food producers in the county.

This work evolved following feedback from numerous events held by Eat Somerset which highlighted distribution as a major concern to small-scale food producers. In particular, it was informed by the workshop held by Eat Somerset specifically on distribution <http://www.sustainweb.org/page.php?id=437>. It was also prompted by evidence that many small-scale producers in the county do their own distribution, and struggle with making their deliveries cost-efficient and convenient for their customers.

The initial idea was to create a database of the distribution paths of producers in Somerset. This would then underpin a 'route match-making' website where producers would be able to input details of where they go and get a list of other producers going to the same place. The idea was that the website would work as an online broker putting producers with similar distribution paths in touch with one another. A similar scheme was initiated by HEFF (Heart of England Fine Foods – the regional food group for the West Midlands) who also developed software to capture the information. A case study of the project is available online at: <http://www.igd.com/index.asp?id=1&fid=5&sid=43&tid=59&folid=25&cid=666>



The first step in the process was to collect data on the current distribution paths undertaken by small-scale producers in the area. 250 questionnaires were sent out and a detailed analysis was undertaken based on the response. A number of issues emerged at this stage:

1. **Poor response:** Only 24 surveys were returned (9.6 per cent) despite a significant amount of chasing. Of these 11 (46 per cent) had spare capacity but of these only 6 were primary producers. The rest were distributors. Clearly there was not enough information here to provide a good enough basis for the database.
2. **Distribution variables:** From the responses to questions posed in the survey, it became clear that there were a number of other important variables in distribution other than location that would make an online map of limited value. Other important variables included:
 - type of product
 - type and size of delivery vehicle
 - delivery requirements of the customer
 - the relatively small area in which the producers deliver, which makes any variations from their route uneconomic for small quantities.

Direct brokerage

Because of the variables detailed above, it was decided that a more direct brokerage function should be undertaken using the data that had been collected and mediating directly between producers whose capacity, produce and location implied that some local collaboration might be possible.

Four producers were identified, and further mapping was undertaken to find other producers in the same geographic location who might be able to work together.

A number of links were made as a result of this more direct mapping exercise, namely:

1. Linking up a cheese producer with spare capacity in its delivery vehicle with an internet-based shop needing more capacity
2. Identifying a number of dry goods producers who might link up with a bakery undertaking its own distribution
3. Identifying a number of dry goods producers who might be able to link up with an organic fruit and vegetable supplier already acting as a wholesaler for several organic producers.



Local food producers participate in a distribution mapping workshop, Somerset 2008

For a variety of reasons, none of these links have come to fruition.

Possible reasons for the failure of distribution brokerage between producers

There are a number of possible reasons for the failure of the development of the links:

1. **Delivery requirements of producers and customers.** Small producers are often unable to vary their cropping times to fit in with a different delivery pattern. This makes co-operation difficult. They also often have developed some quite *ad hoc* delivery arrangements which work for the small volumes that they are selling to their customers, for example delivering to customers whilst dropping off their children to school. Small customers similarly often have less flexibility in delivery times because of a lack of storage or staff to deal with deliveries.
2. **Current distribution costs are already being covered:** The distribution methods being used by the small producers may not be very efficient but most producers believe that they have costed this distribution cost into the final purchase price. It may be that this costing is not accurate and does not properly account for the producer's time in making deliveries, whilst still being sufficient to make the business worthwhile. Developing joint distribution is a complex matter and is likely to take up a significant amount of time. The brokerage role that led to the linking of the four producers with other suppliers used up approximately one day a week of a project officer's time between May and September.
3. **Perceived benefits of joint distribution are not significant:** As detailed above, Sustain and Eat Somerset provided significant time in mapping possible relationships. Because none of the projects came to fruition, it is difficult to assess what the actual savings in terms of time, money, fuel could be from such a collaboration. However, the fact that the producers were not able to allocate time to developing these projects indicates that the

ratio of savings relative to time spent in nurturing and developing these relationships was either low, or perceived to be low. This in turn is a function of:

- the small volumes involved
- the importance of the direct contact between a producer and their customer, making direct distribution attractive for marketing even if it is not cost effective on paper.

We consider that these factors imply that until there is a significant and permanent rise in the oil price it is unlikely that the cost/benefit equation will favour an increase in these types of collaborative arrangements.

It is interesting to note that even though HEFF had more success initially in brokering distribution relationships, they have now moved their focus in helping producers away from their route planner (which relies on the producers finding efficiencies for themselves) to a marketing and distribution service. They have established a relationship with a private food distribution company who by consolidating deliveries from a number of producers improve efficiency and leave the producers to get on with making the produce.

It is interesting to note that the Eat Somerset/Making Local Food Work project started at the end of April 2008 when petrol/diesel prices were just starting to rise. They hit a high in July at 119p per litre (petrol) and 133p per litre (diesel). Since then they have been on a downward trajectory. It may be coincidence, but our direct brokerage work with the four producers struggled to make progress from September 2008. This period correlated with the drop in



petrol and diesel price. The average price in December was 89.5p per litre for petrol and 101.9p per litre for diesel.

This reaction makes commercial sense, given that many of these small producers are working very hard keeping their businesses going and they do not have the staff time or money for building distribution relationships unless a clear case can be made that this work will lead to significant benefits.

With the clock ticking on oil prices and availability over the coming years, however, the lack of time that small-scale producers have for forward planning and projection of future distribution costs may lead to small producers going out of business once the oil price start rising and stays high.

Conclusions

Our conclusions are that there is no obvious solution to this dilemma, other than the hope that organisations like Eat Somerset and Sustain will be around to provide brokerage support to these producers when distribution costs start rising and that a growth in local food networks involving Transition Towns, food co-ops, independent shops and community food growing projects may encourage the development of more ultra-local supply chains which will provide producers with closer markets.

Find out more

For more information, see:

- Eat Somerset website and its local food directory at: www.sustainweb.org/page.php?id=40
- The Food Supply & Distribution project (part of the Making Local Food Work programme) at: www.sustainweb.org/page.php?id=581
- The Making Local Food Work portfolio website at: www.makinglocalfoodwork.co.uk