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**Baltic Sea Food**

# BALTIC SEA FOOD PILOTING REPORT

Piloting organization: Culinary Heritage network Wielkopolska

Project partner: Polish Nature Foundation

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## 1 Background

The Bartecki company started off as a family-run delicacies business with a strong focus on meat, hams and sausages. The owner of the company had known a lot about regional products and cold cuts in particular. For the last two decades, he had worked for Polish leaders in the cold meat industry and for smaller factories in the region of Wielkopolska. Every year he found out that producers in this industry face a fundamental dilemma between the scale of production and its quality.

With this problem in mind, the first proprietary shop "Bartecki - z Dębowej Wędzarni" (Bartecki – From the Oak Smokehouse) was established in Mosina near the city of Poznań. The local delicacies shop was being developed for about three years with a predominant focus on hams, sausages and meat. The owners personally made sure that each product met the expectations of the most demanding gourmets. If something in the recipe did not suit them, they gave feedback to the suppliers before introducing the product to the offering. Working closely with a regional cold cuts producers from Wielkopolska for many years, they had the opportunity to test each product from scratch, and finally accept it. Such meticulousness and individual approach to each product and selection of ingredients would not be possible in cooperation with mass producers.

The start of cooperation within the Baltic Sea Food project coincided with becoming a member of the Culinary Heritage Network of Wielkopolska since early 2020 (certificate granted for the overall activity). A general aim of the operational plan for the pilot project was to adapt the concept of local food distribution developed for the B2B segment in the international Baltic Sea Food project to the possibilities, limitations and needs of companies in the Wielkopolska region. The core objective was to develop an efficient distribution cooperation in order to enable the delivery of food products from farms to local restaurants, hotels, agritourism farms and canteens. Wielkopolska is one of the largest regions in Poland, with the capital in Poznań. The popularity of rural tourism has been growing in Wielkopolska, including agritourism. Since 2008 the Culinary Heritage Network Wielkopolska has been part of the European Regional Culinary Heritage Network, which strives to promote local and



regional food in Europe. Wielkopolska is a region with specific products and dishes that not only deserve popularization and knowledge due to their high quality but also rich history.

The business model of B2B distribution of local food was first discussed in a series of workshops and adapted to the local context of the members of the Culinary Heritage Network Wielkopolska. 31 companies had been pre-selected to participate in joint work on the locally adapted cooperation platform, as well as in the operational implementation of the cooperation. The companies represented local food producers, possible B2B clients such as hotels and restaurants, as well as the mentioned food distribution company to act as a hub between the former types of companies. Accordingly, the purpose of the pilot implementation was to share existing best practices among the participating companies, as well as develop realistic and actionable solutions which can work well in the local context. Thereby, it was crucial not only to implement organizational improvements, but equally importantly to overcome perceptual barriers to cooperation. The companies participating in the project are solidly embedded in the local food ecosystem, with authentic, high-quality products, long tradition, vast operating experience and some first, fragmented attempts at B2B distribution, which can serve as a starting point and inspiration for other cooperating partners.

Until the piloting, Poznań and the Wielkopolska region clearly lacked a convenient distribution platform for local producers who value high quality and tradition, as well as a comprehensive offer for restaurateurs, which would take into account various product categories and logistic service. Moreover, local distribution relationships were based on direct, fragmented network ties between firms knowing each other for years, in the face of the domination of international wholesalers focused on mass products, on the other hand. Thus, a mid-way solution was missing.

## 2 Description of B2B model used for piloting

Based on the operational plan for Poland, revised in March 2020 to acknowledge the pandemic developments, the pilot organization broadened and sharpened their business model, which was previously relatively simple and partly unrealized due to an early stage of growth of the company and due to limited managerial background of the owners. The extensions to the business model included new customer segments, new delivery methods, streamlined ordering, as well as a structured marketing campaign across new channels.

Market research conducted by our expert for the purpose of the piloting, based on a group of 13 B2B clients and overall 33 restaurants of the Culinary Heritage Network of Wielkopolska (buying altogether 56 different types of regional products), revealed that the supply in regional products by the HoReCa sector is currently organized so that 57% restaurants have the products delivered by single producers, 23% of them drive to the producer to verify the product availability and purchase, 14% use courier or postal services. Only 5% use distributors for such type of products. Clearly, the COVID-19 pandemic and the resulting lockdown or partial restrictions deteriorate the situation even further, due to an overall lower and less predictable volume of orders. At the same time, the food cost relevance to restaurant owners increased significantly. Therefore, the possibility to get flexible deliveries to the location of the company was a much desired development.

### 2.1 Customer segments and target groups

With regard to customer segments and target groups, the piloting distributor extended its predominant B2C focus in its local store on B2B customers, including:

- Restaurants
- Hotels
- Tourism organizations
- Local government
- Private companies

The geographic area was also extended from the southern part of the Poznań surroundings, to include also the city of Poznań itself (a major agglomeration in the Wielkopolska region), as well as further remote parts of Wielkopolska owing to the delivery to customers. Particularly the pandemic revealed the need of customers to be able to receive larger orders of regional products at their address (company or private).

## 2.2 Customer value proposition

The customer value proposition, particularly to B2B clients, was based on the following advantages:

- A comprehensive portfolio of regional products from one source, instead of fragmented supplies of single products in smaller and variable amounts;
- Convenient delivery or own pickup from one of the possible pick-up points, which equals time savings for the chefs or managers;
- Direct contact with the owner, feedback on product availability and updates, and convenience of orders by using both online and telephone ordering;
- Close cooperation and knowledge about the product, whereby the distributor is not merely a salesperson or a middleman, but rather an "ambassador" of producers who distributes their products out of passion and based on the belief that a long-term cooperation is possible only in case of authentic interest in the products and mutual benefits for everyone involved;
- Competitive price level, which is often a concern of restaurants and can be ascertained since producers benefit from promotion and logistics support from the distributor, hence their willingness to offer a more favorable price tends to be higher.

## 2.3 Channels to reach the customers

The piloting organization used a blend of traditional channels to reach B2B and B2C customers, including direct selling to B2B clients, as well as the social media whose activity was strongly intensified and professionalized during the piloting. With regard to producers, a preferred form of contact were simply phone calls due to the rather analog operating modes of these local companies. During the pandemic, deliveries to individual customers and

restaurants in and around Poznań were developed. The delivery system makes inherent part of the tested business model.

## 2.4 Customer relationships

As far as customer relationships are concerned, the pilot uses an own story in marketing and communication, which is centred around the passion for local, high-quality products. In order to give the story more credibility, the owner refers to his vast experience in the large-scale food business to show both skills and a critical perspective on the industry, which points favourably to the need of an exclusive, careful approach to selecting local products and cultivating regional tradition. This spirit is reflected across all written, multimedia and verbal communications, such as a series of culinary films and presentations.

The pilot had its brand and logo „Bartecki – From The Oak Smokehouse“, which was then advised by the BSF expert to be rebranded to an umbrella brand of „Bartecki“, usually communicated to B2B clients as „Bartecki – Regional Products“ to reflect the new distribution character of the activity. Moreover, due to difficulties with generating demand during the pandemic, with support from the BSF project, the pilot also developed a new brand "Tastes of Heritage", which includes product packages of different bands available in the piloted distribution. This sub-brand was also supported with separate social media coverage, as well as an intensive campaign featuring culinary movies and events co-produced by the brands cooperating within the distribution.

## 2.5 Revenue streams

The pricing model of the pilot is straightforward, as the distribution company adds its mark-up to the producer price in order to cover the costs of running the marketing activities and to cover the costs of product deliveries, in particular. It holds ownership of the products or it keeps them on stock temporarily as per commission sale. The future modifications in the business model shall include also culinary trainings in order to develop closer network ties with restaurant owners, in order to promote regional products to them, as well as commissioned realization of culinary films at the order of clients, based on the experiences of culinary promotion gained within the piloting.

## 2.6 Key resources

It has to be noted that the key resources were mobilized by the distribution pilot, including external marketing support for photography, film-making (including drones), virtual tour realization, e-platform development. The vast majority of the required effort was carried with own resources, such as investment in additional logistic infrastructure (new vehicle, new cold storage, additional warehouse space, etc.), human capital, marketing activities. In this respect, the BSF project expert played a crucial role in supporting the pilot with professional business approaches and tools.

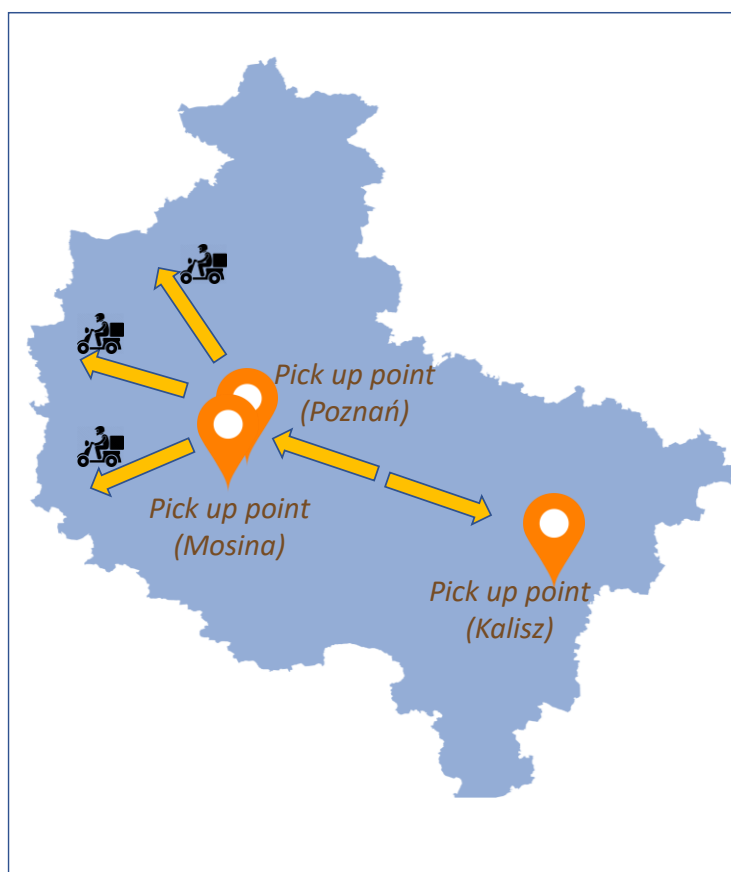
## 2.7 Key activities

Within the piloting, the following aspects of the distribution organization were particularly streamlined, revised, extended or introduced from scratch:

- possibility of delivery to the restaurant or collection of ordered products from one of the points in Mosina, and scheduled in Poznań and partner location Kalisz (see Figure 1);
- on-site inventory maintenance with cold storage to increase availability of the products based on the calculation of an average order for B2B and B2C clients;
- telephone and e-mail orders via an online form developed during the piloting, which was ultimately complemented by a complete e-commerce platform with the full range of regional products;
- updated current information about the manufacturers' offer available on the company e-shop and social media;
- re-negotiated pricing with all producers with a view to covering the additional delivery charges and intensified marketing activities, including a series of promotional movies aiming at cultivating B2B audience what simple yet powerful recipes can be implemented with the use of the regional products available in the distribution.



**Figure 1.** Geographic coverage of the distribution



## 2.8 Key partnership

The piloting obviously involved a number of stakeholders, the most important ones being the producers and the B2B partners, mostly coming from the Culinary Heritage Network of Wielkopolska. An important active, hands-on role was also played by the BSF expert, as well as external service providers for the realization of marketing, ordering and logistic activities. Moreover, overall endorsement in terms of sharing the social media content etc. was also provided by the Marshall Office of the Wielkopolska Region, the operator of the Culinary Heritage Network of Wielkopolska.

## 2.9 Cost structure

Overall, the piloting helped to professionalize the distributor in many aforementioned areas, also leading to a more transparent management of its costs. While the fixed costs (such as stationary sales personnel, rent and maintenance fees for the delicassies outlet location, etc.) refer to the overall activity of the company, whereby the activities developed and supported

during the piloting also benefited from them, there were variable costs related to the delivery of products to end clients, processing of new regional products integrated into the distribution (including negotiations, exchange of promotional materials, extension of storage for the new products, if needed – preparation for transport). The launch of the new e-platform of the company (see point 2.10 below) will affect the IT maintenance costs moderately due to a lean solution adopted in the platform, while the new channel will also mostly benefit from the overall communication activities. However, it will add to the online positioning costs of the company. Towards the end of piloting, a full-scale online platform was developed with the help of the expert and launched. Also with help provided within the piloting, an investment plan was made with a view to opening a new location in the city center to improve the convenient access to many centrally located B2B partners. Apart from a detailed financial plan for the further growth, the piloting organization was also provided with a marketing strategy to be implemented stepwise.

## 2.10 Organization and strategy

The company did not alter its strategy significantly due to the extension of distribution of regional products for B2B and B2C customers, as the current scale of that distribution was still accommodated within the existing personnel of 4 people (including the owners, actively working in both sales and delivery). However, during the planned expansion of the model, further employees will be necessary.


Towards the end of piloting, a full-scale online platform was developed with the help of the expert and launched. Also with help provided within the piloting, an investment plan was made with a view to opening a new location in the city center to improve the convenient access to many centrally located B2B partners. This location would replicate the current business model on a broader portfolio of regional products, adding a new service segment related to culinary events and trainings, in order to work more closely with B2B partners and promote regional products used in cooking. Apart from a detailed financial plan for the further growth, the piloting organization was also provided with a marketing strategy to be implemented stepwise. This strategy was gradually being implemented during the piloting period and led to a significant professionalization of the business.

### 3 Changes in operational plan

Sales through the piloting organization grew since March 2020 and the introduction of new regional products to the distribution as part of the BSF project. Also, another cooperating entrepreneur added regional products to his online channel within BSF support and ongoing marketing and managerial consulting, but this channel had not been popular among B2B clients in the pilot region, which qualitative study of HoReCa conducted within the piloting further corroborated. This second piloting organization was not willing to commit itself to a meaningful extent, and its online channel did not allow cold storage in the warehouse and with regard to deliveries. Therefore, cooperation with this second pilot was not further developed, and efforts concentrated on the pilot distributor described in the report, to which also the ensuing data in the next sections refer to.

The pandemic induced the focus on direct deliveries to B2C and B2B clients, a system which will be further developed. Due to increasing orders, storage in the distribution hub had to be extended to accommodate for further demand. Also, an tool available online for ordering was optimised. For all three initiatives within piloting, so the shop with delivery to clients, the online platform, and a still prepared new distribution with central pick-up for B2B clients, ongoing marketing support was given, particularly with regard to social media marketing, newsletters and print materials.

Quite clearly, the pandemic slowed down the HoReCa segment significantly until late May, followed by a brief recovery period from June to September. Thus, B2C distribution has remained the predominant activity in the pilot region, which is visible in the performance figures. Not only have producers and the participating distribution hubs focused on consumer sales, but also the HoReCa companies themselves have undergone Covid-19-induced strategic change, which involves a shift towards own production and consumer sales, as these have rocketed even during lockdown, contrary to restaurant and hotel revenues. In doing that, they have relied on in-house ingredients or mass market products to be more independent and to reduce costs. In order to address this concern, the piloting organization launched a sub-brand „Tastes of Heritage“ in order to tighten cooperation with HoReCa partners and also help



increase their visibility, since their performance is crucial for generating orders from their side.

Therefore, the forecasts in October 2020 regarding the further evolution of the situation were moderately optimistic. Based on the recent study of hotels and restaurant owners and managers from the pilot region conducted by the BSF expert, most of the business clients expected a slowdown during the autumn period after a relatively favourable summer period in which particularly the rural hotels and resorts with some location advantages (such as SPA, swimming pools, historical attractions or animals) managed to compensate for some of the lockdown losses. Still, a moderate increase through the direct delivery and the pick-up channel until December was expected, driven by seasonal events and related orders. Despite the particularly severe pandemic situation in Poland from the end of October 2020 onwards, the performance of the piloting improved.

The project lead was in constant contact with the expert who was working hand in hand with the piloting organization in order to overcome ongoing challenges and help generate steady demand from B2B clients, which requires constant sales support and contact with the B2B clients to raise their interest on the one hand, and with the producers on the other hand, to help the distribution hub negotiate actionable conditions which make the whole distribution model economically viable. The project revealed that both of these aspects do not happen unassisted in the regional business landscape, which is one of the difficult learnings from the piloting.

Due to the pandemic, meetings had been reduced in favour of bilateral communication with the hubs, the involved producers and HoReCa partners. On 8.10.2020 a workshop for HoReCa partners using the delivery channel was organised, and led to an intensification of cooperation with B2B clients, which is reflected by the performance numbers reported in the ensuing sections of the present report.

## 4 Quantitative results

The table below jointly summarizes the development of the transactions, as well as the scope of the distribution cooperation in terms of assortment. The report includes B2C performance insofar as the regional products were advertised and delivered to consumers sharing the same solutions as for B2B clients. Also, given the relevance of the consumer segment to endure the pandemic crisis, it seemed legitimate to account for both types of customer segments. Obviously, the performance numbers include only the products included in the piloting.

4.1.Number of months of the piloting (pcs):	10 months
4.2.Number of B2B clients (pcs):	13
4.3.Number of producers involved to the piloting (pcs):	12
4.4.Number of transactions in total and per months (B2B, and if relevant then separately also B2C, pcs):	<b>B2B</b> Total: 87 March 2020: 7 April 2020: 6 May 2020: 3 June 2020: 2 July 2020: 2 August 2020: 3 September 2020: 1 October 2020: 11 November 2020: 23 December 2020: 29

## B2C

Total: 430

March 2020: 44

April 2020: 87

May 2020: 43

June 2020: 38

July 2020: 35

August 2020: 30

September 2020: 31

October 2020: 39

November 2020: 36

December 2020: 48

4.5. Approximately how many different products were on sale (pcs):

Approx. 110 different items

4.6. Variety of assortment- which product groups

Meat - YES

(10 categories, yes or no):

Fish and shellfish – no

Fruit – no

Vegetables – no

Flour and baking – no

Dairy and eggs – YES

Beverages – YES

Sweets – no

Delicacies – YES

4.7.B2B turnover in total and per months (EUR, if relevant then separately also B2C)

Others:

Hams and sausages

Pressed juices and bio lemonades

Processed fruit products

Processed vegetable products

Wines

Coffee

Regional cheese

Regional oils

Honey

**B2B**

Total: 8757,57 EUR

March 2020: 951,89 EUR

April 2020: 1410,29 EUR

May 2020: 141,70 EUR

June 2020: 33,06 EUR

July 2020: 45,88 EUR

August 2020: 522,05 EUR

September 2020: 18,44 EUR

October 2020: 1050,18 EUR

November 2020: 1420,41 EUR

December 2020: 3163,65 EUR

**B2C**

Total: 40 843,28 EUR

March 2020: 4139,20 EUR

April 2020: 8245,88 EUR

May 2020: 4071,71 EUR

June 2020: 3579,48 EUR

July 2020: 3337,91 EUR

August 2020: 2819,45 EUR

September 2020: 2924,49 EUR

October 2020: 3734,66 EUR

November 2020: 3396,16 EUR

December 2020: 4594,35 EUR



#### 4.8. Satisfaction of producers involved to distribution system

In order to assess the satisfaction of producers taking part in the distribution cooperation, we conducted an online survey from 15.01.2021 to 5.02.2021, using the common format of questions used in the Baltic Sea Food project, translated into Polish for the convenience of the respondents. We received 12 answers. Figure 2 demonstrates the satisfaction of producers involved in the distribution system, on a scale 1-6, where 1 means totally dissatisfied, and 6 means very satisfied.

As far as the specific dimensions of cooperation are concerned, based on the average evaluations by producers, they can be ranked as followed:

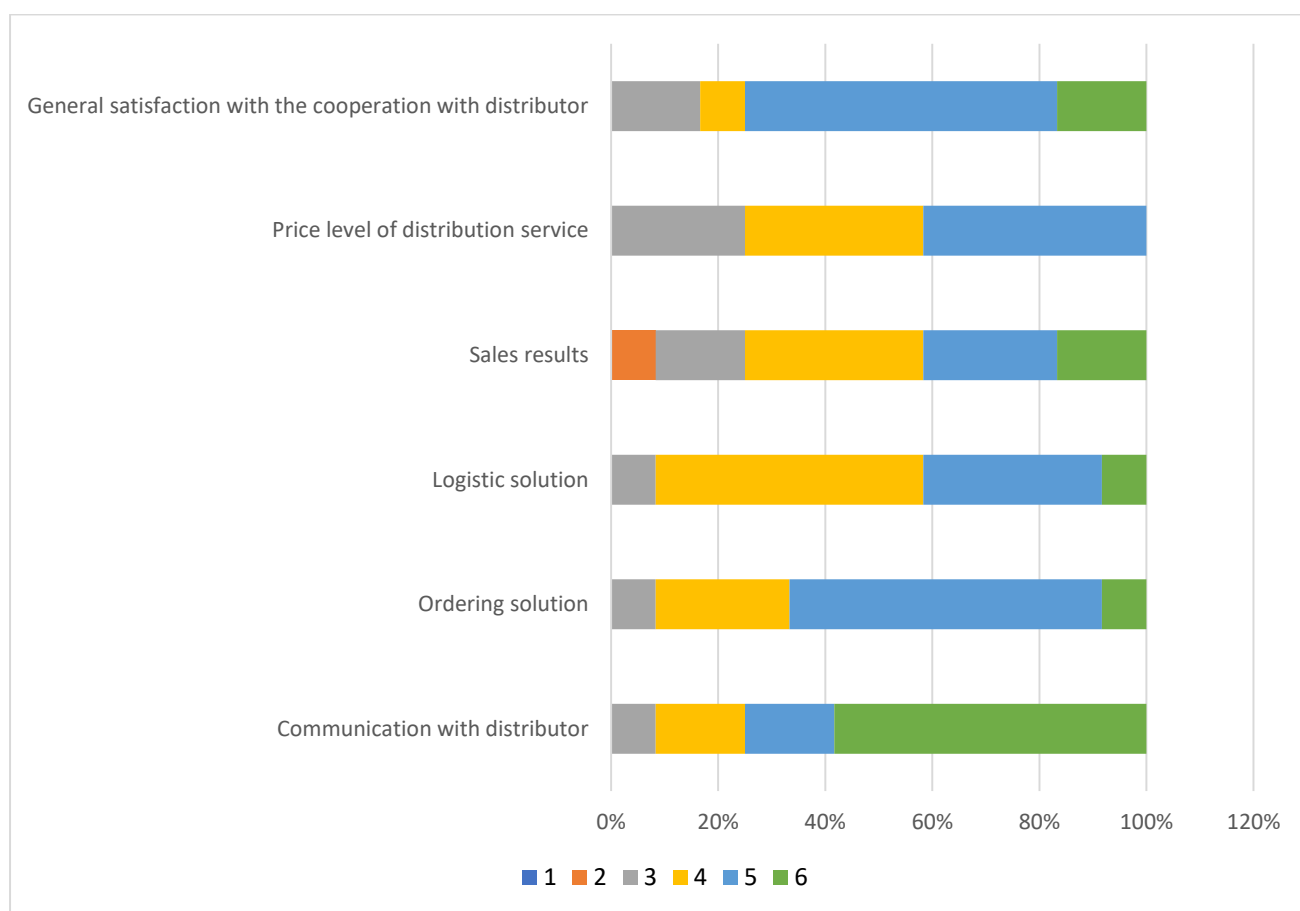
- Communication with distributor – 5,3
- General satisfaction with the cooperation with distributor – 4,8
- Ordering solution – 4,7
- Logistic solution – 4,4
- Sales results – 4,3
- Price level of distribution service – 4,2

Overall, also based on qualitative evidence, the producers were generally satisfied with the distribution cooperation, their lower satisfaction with aspects such as sales performance being dependent on the level of realism in their internal targets set by the management. With regard to the pricing, one of the challenges was to convince producers that a middleman in between is not just an additional source of margin that makes the final price higher, but also provides a number of added-value services, which bring a number of benefits for them.

4.8. Satisfaction of producers involved to distribution system (in 1-6 scale):				Number of answers: 12			
	1 (Very low)	2	3	4	5	6 (Very good)	Average
Communication with distributor			1	2	2	7	5.3

Ordering solution			1	3	7	1	4.7
Logistic solution			1	6	4	1	4.4
Sales results		1	2	4	3	2	4.3
Price level of distribution service			3	4	5		4.2
General satisfaction with the cooperation with distributor			2	1	7	2	4.8

**Figure 2.** Satisfaction of producers involved in the distribution system



10 out of 12 producers cooperating with the distributor declared in our survey that they intend to continue the cooperation with this company. Of those who did not declare an intended continuation, the main reason was to focus on other sales channels for mass

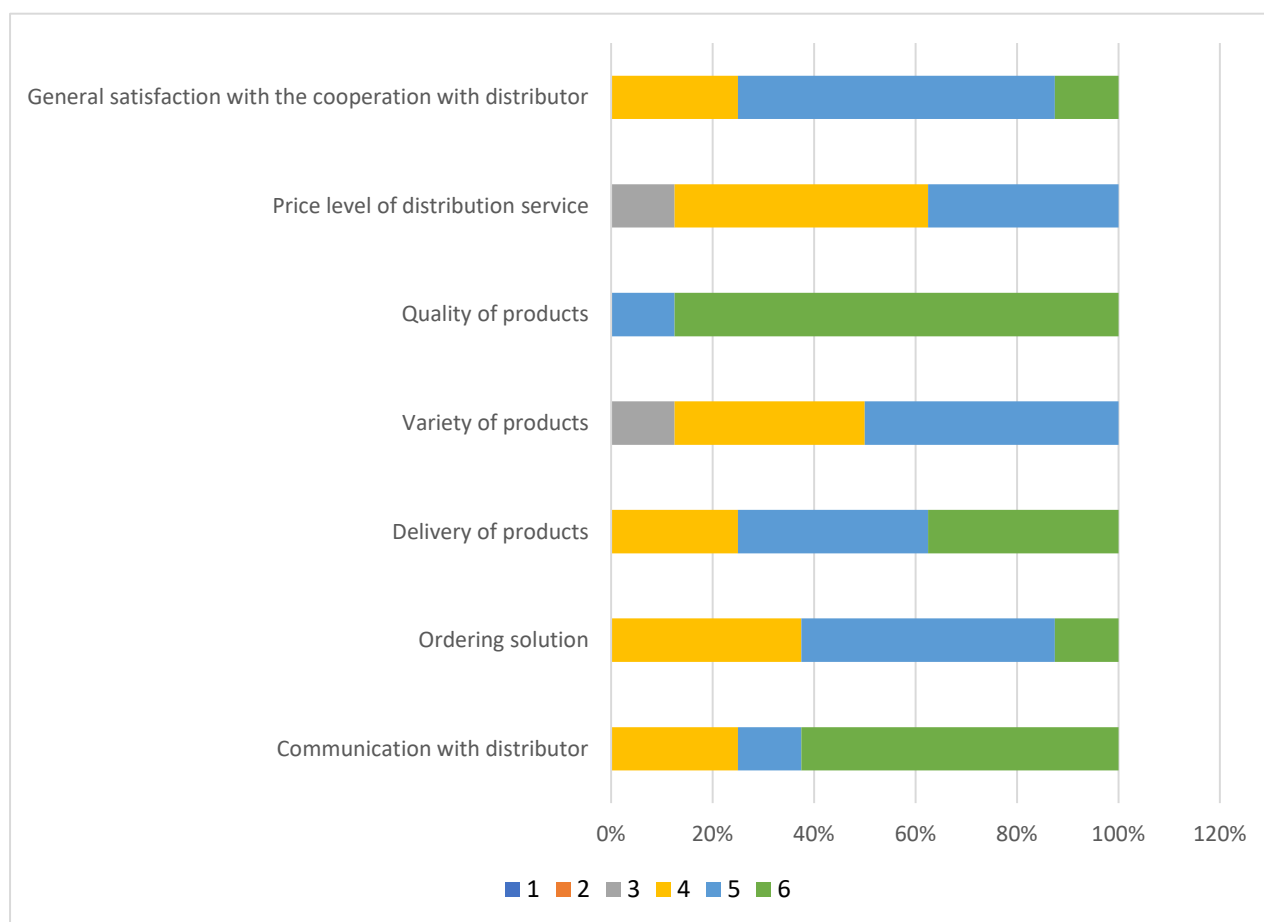
customers rather than the niche of B2B clients. Moreover, during the piloting the scale of operations was temporarily too small to meet the growing needs in relation to lower logistics costs, despite the proximity of the distributor. Others noted too that sales were not at a satisfactorily high level, but they were not withdrawing from the cooperation due to a positive evolution of the sales and new subsequent activities undertaken by the distributor, which allow to hope for further growth prospects. 11 of 12 producers admitted that they gained new clients owing to this cooperation. Also, 11 of 12 would recommend to other producers to join this distribution cooperation.

#### 4.9. Satisfaction of B2B clients with the distribution system

Parallel to the producer survey, in order to assess the satisfaction of B2B clients taking part in the distribution cooperation, we conducted an online survey from 15.01.2021 to 5.02.2021, using the common format of questions used in the Baltic Sea Food project, translated into Polish for the convenience of the respondents. We received 8 answers. Figure 3 demonstrates the satisfaction of B2B clients on a 1-6 scale, with 1 standing for the lowest and 6 for the highest satisfaction.

4.9. Satisfaction of B2B clients with the distribution system (in 1-6 scale)				Number of answers: 8			
	1 (Very low)	2	3	4	5	6 (Very good)	Average
Communication with distributor				2	1	5	5.4
Ordering solution				3	4	1	4.8
Delivery of products				2	3	3	5.1
Variety of products				1	3	4	4.4
Quality of products					1	7	5.9
Price level of distribution service				1	4	3	4.3
General satisfaction with the cooperation with distributor				2	5	1	4.9

**Figure 3.** Satisfaction of B2B clients involved in the distribution system



As far as the specific dimensions of cooperation are concerned, based on the average evaluations by clients, they can be ranked as followed:

- Quality of products – 5,9
- Communication with distributor – 5,4
- Delivery of products – 5,1
- Ordering solution – 4,8
- Variety of products – 4,4
- Price level of distribution service – 4,3
- General satisfaction with the cooperation with distributor – 4,9

Of the 8 clients taking part in the survey, 6 planned to continue cooperation with the distributor despite the dramatic situation related to the partial lockdown lasting still by

February 2021 in Poland and the very low level of revenues, which make their purchases of products particularly limited and cost-oriented. For some of the clients still working with the distributor, it is not a regular cooperation. For some clients who only once or twice bought the products, the cooperation was regarded as temporary, as they saw no possibility for the moment due to the pandemic. They focused on a narrower menu, where food cost is important, and these regional products are too expensive given the current strategic shifts.

For 5 clients, the cooperation contributed to discovering new regional brands, for 3 it was not the case as they had known them beforehand, even if they did not buy them earlier. For those who did agree that their knowledge of the regional market was broadened, they explained that they saw the main benefit in supplementing their offer in terms of ready meals and re-selling regional products, although at the moment it is not a priority because of the COVID-19 crisis. They gained an enhanced awareness of new products from the existing producers, and some were inspired with new ideas for the menu. Concrete examples included new brands of wine, new brands of cheese, new sausage products, which are all good to know and can be subject to potential orders in the future. Those who did know these brands before, still acknowledged that such distribution is of logistical aid and plays an important role with regard to convenience. They noted that they developed a better understanding of the market thanks to participation in the piloting.

All of the companies surveyed would recommend the distribution company to other people and deemed such cooperation necessary for the future, in order to enter the post-pandemic landscape in a better position. At the same time they stressed that the situation of fighting for survival, in which many HoReCa companies found themselves, requires more fundamental actions than promoting the menu based on regional premium products, since the fundamentals of doing business under severe crisis conditions simply make some actions less important at the moment.

#### 4.10.Satisfaction of the distributor with the piloting

Number of answers: 1 (*focus on the core distributor who continued for the whole piloting*)

1 (Very low)	2	3	4	5	6 (Very good)
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<b>Communication to clients</b>	X		
<b>Communication to producers</b>			X
<b>Ordering solution</b>		X	
<b>Incoming logistics</b>	X		
<b>Storage and packaging of products</b>		X	
<b>Delivery of products to clients</b>		X	
<b>Sales results</b>		X	
<b>General satisfaction with distribution solution</b>		X	

## 5 Qualitative results

The table below jointly summarizes the qualitative feedback obtained from the distributor, the producers and clients in the aforementioned survey, as well as during individual interviews and a workshop held back in October 2020.

### **Gained new skills / cooperation partners during the piloting:**

#### **- Distributor**

The Baltic Sea Food project contributed to the distributor's professional skills development in a number of crucial ways:

- 1) They developed their marketing and communication skills thanks to the cooperation with the Baltic Sea Food expert and by attending a number of focused workshops within the project. They translated these skills into a stronger social media presence.
- 2) They improved our ability to develop alliances with producers and B2B partners and contribute to a lasting business cooperation with some tangible results and potential for future growth.
- 3) Due to the harsh pandemic situation, they had to become much more flexible with adjusting their business model, which is a crucial skill.

Partners gained thanks to the BSF project piloting:

- 1) producers from the Culinary Heritage Network of Wielkopolska Region and beyond
- 2) restaurants and hotels from the Culinary Heritage Network of Wielkopolska Region and beyond
- 3) culinary marketing experts
- 4) officials from the Culinary Heritage Network of Wielkopolska Region (as partners of the Baltic Sea Food project)

- **Producers**

- growing sales results
- better access to the Poznań market
- visibility enhancement during lockdown
- development of product packages and their promotion
- joint promotion, increasing the reach via new sales channels, an active marketing collective, mutual promotion

- **Clients**

- supplementing the offer, although at the moment it is not a major priority (on the contrary, menus are being trimmed down)
- awareness of new products, using new ideas for the own menu
- new brands of wine, new brands of cheese, new sausage products, good to know as potential orders will be possible in the future
- they knew these brands before, but anyway such distribution is a logistical support
- they gained a better insight of the market, which they will use if necessary

**Examples of good experiences / success stories:**

- **Distributor**

1) During the pandemic, we managed to develop an own direct delivery solution to serve B2C and B2B clients. The system has become an inherent part of our business model.

2) Because the contact with both B2C and B2B clients was severely limited due to the full lockdown since March 2020, we implemented a virtual tour in order to re-create the customer journey and experience of our distribution point and our products. This solution has received very positive feedback and was welcome by the customers.

3) In order to boost sales particularly with B2B clients, we launched a cooperative campaign with other brands of the Culinary Heritage Network, which aims at promoting packages of products which clients can buy with home delivery. For this cooperative we have initiated and developed a sub-brand, as well as a series of



professional promotional videos promoted via a dedicated social media profile and the profiles of all partners.

4) In order to improve convenience for the customers, with support from the BSF project expert we have improved the online ordering system for all clients.

5) Also, one of our successes is the launch of a full-size online sales platform with all regional products, which was completed at the very end of piloting, therefore it is not reported in the figures. We hope that it will have a positive impact during the lasting pandemic.

- **Producers**

- mobilization to do something new and look for new sales channels, as well as an attempt to reach company customers under pandemic conditions;
- establishing new business relationships during workshops, obtaining comments from partners about the products, prices, marketing, etc.;
- extending the own offering during cooperation; receiving feedback on the popularity of individual product items;
- cooperation of several Culinary Heritage Network brands and joint communication actions; increasing sales despite the pandemic; improvement of reaching individual and business customers
- promotion of the products by the distributor thanks to new activities;
- during the pandemic, each channel counts, it is always crucial to generate additional sales and the producers managed to reach companies, not just individual customers, even if the scale is still limited;
- the possibility of reaching the customers directly with their products;
- growing sales results and a better access to the Poznań market, which is not easy for smaller producers dispersed across the region;
- development of product packages and their promotion.

- **Clients**

- the convenience of delivering the product to the business clients given that they had to devote substantial time to picking the products up from a number of geographically dispersed locations, there is no “one-stop-shop”;

- support in building the visibility of the HoReCa members in pandemic conditions since the communication actions involved also the HoReCa companies;
- sharing valuable business experiences during the pandemic, searching for new sources of supply of products beyond the routines;
- the distributor is one of the most dynamic members of the Network;
- quick and flexible supply in case of emergency, which becomes important in the conditions of uncertain and volatile demand;
- workshop for HoReCa held during the piloting was evaluated as a useful attempt to integrate the culinary ecosystem of Wielkopolska around a distribution cooperation.

#### **Examples of challenges/problems pilots faced during the pilot period, incl. the solutions- how they solved the problems**

- 1) Producers from the Culinary Heritage Network of Wielkopolska Region and beyond have been strongly focused on the B2C segment and large distribution channels. Therefore, it required a clear communication of advantages of cooperation to make them join our distribution. Some of them understood with time that it requires a long-term approach to build up visibility and presence, and that not everything can be evaluated in terms of ROI, as some initiatives serve more the overall image building objective.
- 2) The pandemic affected the HoReCa sector particularly badly. This made them even more focused on the food cost and therefore less interested in buying local premium products. To at least partly overcome this barrier, in cooperation with the BSF expert, the piloting organization was trying to persuade business clients that a focus on carefully selected ingredients can help them retain their margins.
- 3) It was very hard to convince B2B clients to accept supplies through a distributor, even before the pandemic. The market is highly fragmented and all restaurants have their micro-networks of small local suppliers on the one hand, and big wholesale food networks on the other hand, the former accounting for their regional supplies, while the latter caring for the overall low costs. It requires mutual understanding and trust to convince them that the extra margin that they pay for distribution saves their time and effort and allows to purchase a basket of trusted products.

### **What needs to be improved or changed in their model for the future**

- 1) The scale of orders on delivery requires them to optimize the system and partly rely on an external logistics company specialised in food deliveries and having a route which links their location with the city center.
- 2) The coverage will be ideally optimized with the planned second distribution point in a more central location, where a broader offering of regional products will be available. Thus, customers will be able to pick-up products more conveniently.
- 3) With the new online platform the orders should be smoother and less involving their staff than currently.
- 4) They need to improve their accounting system to improve the traceability of single items (e.g. directly delivered vs. picked-up by the client), as the current setup requires to follow single bills.

### **What were the main benefits from participation and from piloting. What kind of value different parties received from the model- producers, clients, distributor.**

#### **- Distributor**

The Baltic Sea Food project contributed to our professional development in a number of crucial ways:

- 1) We turned into a boutique distributor of local products with a premium positioning.

2) We broadened our portfolio of co-operations on the side of producers and HoReCa companies.

3) We professionalized our approach to managing our company with regard to ordering, delivery, communication content and style, branding strategy, business planning, approaching clients, managing assortment, and many other, intangible or soft skills. This happened within the ongoing cooperation with the expert, within the series of workshops, and through learning-by-doing and interacting with partners in the project.

4) We gained momentum for change in a period of turmoil and turbulence.

- **Producers**

- participation in business-related workshops and generation of new contacts;
- impulse to action and development of the company, commitment to joint marketing communication, new business and communication ideas;
- improved cooperation with the distributor who benefited from project support and improved its operation model;
- additional turnover with B2B and B2C clients;
- improving the reach of advertising thanks to joint campaigns;
- revival of activities in the Culinary Heritage Network, which were rather standard and lacked some fresh approach.

- **Clients**

- inspiration to diversify the menu, and introduce storytelling about the offer and products used in their preparation;
- getting to know other Culinary Heritage companies and a stronger motivation to cooperate in order to reap a number of advantages, despite or rather due to the pandemic;
- acquired marketing knowledge;
- facilitated supply of certain niche products;
- exchange of knowledge and experience, and narrowing the cooperation with other restaurateurs, thanks to a new platform for cooperation between different brands which was created around the distributors.

### **General feedback to project partners from participation in the project.**

Overall, the participants positively evaluated the project with regard to the series of workshops organized by the project partner in Poland, as well as the piloting of the distribution supported by the expert. While their benefits, as well as challenges and areas for improvement have already been outlined in the preceding sections, it suffices to summarize the main advantages that the project generated for the entire culinary ecosystem of the Wielkopolska region:

- The first advantage resides in an effective transfer of knowledge to a broad audience of local government representatives, producers, distributors, service providers, restaurant owners, within a series of lectures and workshops organized before and during the piloting period.
- In our opinion, supported and shared by local entrepreneurs, the project activities, particularly the piloting period resulted in an unprecedented dynamization of working contacts between firms from the local ecosystem. Such cooperation should not be taken for granted in the local business culture and specifically in the local food production sector, which is highly competitive. The realization that cooperation can result in synergies in marketing, logistics, to name just a few areas, is far from evident in the local context and it should be underlined as one of the successes of the piloting.
- Apart from the said broader benefits, the companies taking active part in the piloting, particularly the distributor and the producers contributing to the joint offering were able to absorb a lot of general business know-how and specific ideas in terms of communication or logistics organization.

## 6 Other local food distribution solutions developed in the region

Looking at the project from a broader perspective, it is interesting to take note of a number of innovative local food distribution solutions (both B2B and B2C), which are used in the region of Wielkopolska and beyond, and which could serve as inspiration for other organizations acting in local food sector in Baltic Sea Region area:

- Zielony Targ (The Green Market), , is a place where every week B2B and B2C clients can buy natural and healthy food straight from certified organic farms. It is the oldest, largest and best-stocked eco-market in Poznań and vicinities. Throughout the year, every Saturday morning, farmers and producers of organic vegetables, fruit, dairy products, cold cuts, bread, juices, oils and many, many other tasty and healthy products come here. It is a place of weekly grocery shopping for a growing group of city residents and chefs of numerous restaurants, distinguished by a prestigious guide.
- Zielona Dolina (The Green Valley), , is a broader cooperation programme in the region of Dolny Śląsk (Lower Silesia), managed by a consortium of the regional government and universities, which fosters cooperation between producers from the Valley and local shops and healthy food, matching entities with each other. Various models and channels of cooperation for different product categories are being tested within that framework. It also entails logistics optimization for HoReCa by combining orders and optimizing routes, using Excel Online as a pilot for collecting orders and calculating the profitability of transport.
- Lokalny Rolnik (The Local Farmer), is a purchasing platform in which buyers in different regions can access a listing of products from local farmers and obtain information how and where they can pick up the products.
- ABC na kołach (ABC on the Wheels), , is a mobile shop concept which is particularly crucial in underdeveloped rural areas with no local shops. While the offering is not confined to regional products, the very model can be inspiring.

## 7 Conclusions


Although it is not a surprising remark, the COVID-19 pandemic posed a serious obstacle to the cooperation with the HoReCa sector due to its closure, with some period of relaxation in the summertime. On the other hand, the crisis inspired a number of restaurant owners cooperating with the distributor to jointly offer their own products in order to survive the time of hardship.

The local business culture is not conducive to cooperation, whereas distribution relationships predominantly revolve around margin discussions. In these conditions, particularly given external uncertainty and additional pressure on profitability, if not survival, new cooperation outside of the firms' core business and established routines faces serious obstacles. Also, the ecosystem is fragmented, with a number of informal relationships which last for years and are protected by their participants, therefore such distribution projects are perceived as a threat by some of the stakeholders, a sentiment which required solid education and networking to develop trust and convince about the mutual benefits.

One of the challenges was also to ensure a sustainable commitment on the part of different participants, which is a derivative of the other challenges. The pursuit of margins in times of hardship attracts producers predominantly to large consumer distribution, which was thriving also during the pandemic. Conversely, survival-focused restaurants and hotels were also concerned about the food cost, thus preferring to use mainstream, cheaper products, even at the expense of quality. Therefore, it has been challenging to convince companies that additional cooperation, even if at a lower scale or not ensuring the highest margins, is important in the long-term and has a number of benefits apart from mere margins.

Despite the difficulties, the project led to the development of an international network of working contacts for the partner organization of the BSF project, which will be crucial for future activities. While the organization was already internationally active before this project, the present cooperation turned out to be very effective in terms of acquiring new inspiring contacts which resulted in mutual learning. Also, the single participants of the piloting also enhanced their range of contacts in the regional ecosystem. Through the participation in an international project, the acquisition of visibility and reputation in the culinary sector of





Wielkopolska was possible for regional food producers and restaurants due to the perceived added value of the project among participants from the regional ecosystem. This can be a useful starting point in terms of social capital for subsequent projects of this kind.

The discussions within the project led to the development of a number of ideas for future projects, where cooperation is needed between BSR countries and regions with regard to food and tourism:

- The knowledge of regional cuisine turns out to be limited in light of the present piloting, not to mention the cuisine from regions in other countries. A cooperation to promote local recipes, traditions and products across various communication channels, would cultivate the culinary awareness in BSR countries, inspiring the creation of new restaurant concepts and also positively affecting tourism within the BSR countries. The present project, which led to a systematization of local products around new distribution systems and in some cases online platforms, can serve as a useful experience and resource to build on.
- In the post-pandemic landscape, individuals will be striving at a return to normality and to experiencing passions, such as travelling, again. Due to possible fears and partly restrictions still in place, it is not unlikely that within-regional travels at shorter distances will gain on importance. Therefore, an exploration of the neighboring countries and regions may become even more popular. Also, the trend of exploring rural areas outside of large agglomerations may sustain as people stay away from a high population density. Therefore, a project aimed at developing a platform for promoting BSR agritourism, and proposing cross-border tracks or itineraries as whole travelling concepts or packages, could stimulate BSR tourism.
- In times of seeking demand from different sources, export-import cooperation between BSR businesses could help local producers thrive. By developing a scalable distribution system with subsidiaries in BSR countries and a similar offering, participating producers and HoReCa could possibly make their products available in several BSR countries/regions.