

---

# Demand and supply of sustainable food

Are they really converging?

**Roberto Henke**

CREA - Centro di Ricerca Politiche e Bioeconomia

**Bardolino (VR), 5 October 2018**

*The author wishes to thank Carla Abitabile, of CREA-PB, for contributing to this presentation.*

---

# Evolution and features of food demand



## *Changes in food demand*

The demand of food and other primary products has been increasingly segmented and articulated: from primary needs to “sophisticated” products and services.

**NEEDS: food security**

**WANTS: food quality**

**MUSTS: regulations**

# *The profile of the «New consumers»*

The typology of food grows and diversifies dramatically; from needs to desires; from mere nutrients to complex services.

Consumers are full of contradictions:

*Health vs. Pleasure*

*Slow vs. Fast*

*Traditional vs. New*

The same consumer follows different paths in their behaviour, according to the mood, the timing, the needs...

...but they are quite consistent about environmental issues.

## Engel's law

the share of expenditure for food declines, but...  
the absolute amount increases

# *Signals from the markets*

---

## **“Contradictory” messages from the markets:**

In Italy growth of “superstores” (+3.9%) (price competition); growth of ready meals (+ 5%) (*COOP survey 2018*);

*but, at the same time,*

growth of ethnic food (+7%), dietetic food (+7%), whole products (+5%), organic food (+16%) (quality competition, sophistication of products).

**Co-existence of two models:**

**not a substitution but an integration of choices.**

# Criteria for food choices

Other than prices, other factors are more and more relevant:

**Health protection (95%)**

healthy products 57%

**Ethics (84%)**

respect for workers and environment 35%

**Transparency (94%)**

origin, content... 61%

**Functionality (+75%)**

Conservability and preparation 21%

69.9% of Italians  
consider only factors  
other than price  
(unique case in Europe)

# The food system pathways



©Planetabambini.it



www.planetabambini.it



shutterstock.com

## *A key attribute: sustainability*

---

**On the supply side, sustainability is a key that includes many of the new qualitative attributes included in food: environmental awareness, ethical issues, technology, geographical indication, trust, health....**

**Sustainability has become also a key to competitiveness and export capacity, especially on rich developed markets.**

## *Three main food typologies*

---

### **Food as a *product of specific territories*:**

Local development, local “know how”... Sustainability as valorisation of the origin.

### **Food produced under *environmental and ethical concerns*:**

low impact of production and guaranties about work conditions, animal welfare, religion... Sustainability as social and environmental commitments.

### **Food as *health*:**

functional food, food *with/without*, dietary issues... Sustainability as social costs (obesity, allergies....).

## *Credence characteristics*

**Credence characteristics: non-visible, non-verifiable.... Brands are becoming keys to address the consumers' choices.**

**Organic**

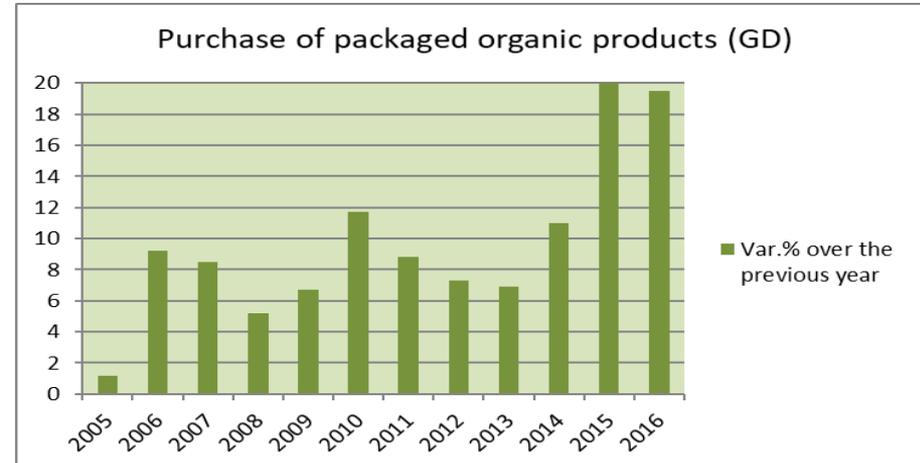
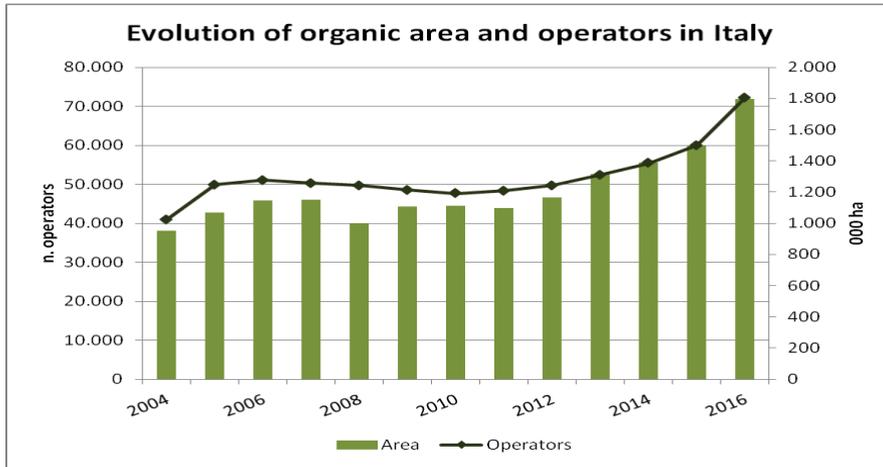
**OGM free**

**Locally produced**

**Dietetic/healthy**

**Consumer's trust requires a rigorous system of guarantees in order to be fully gained.**

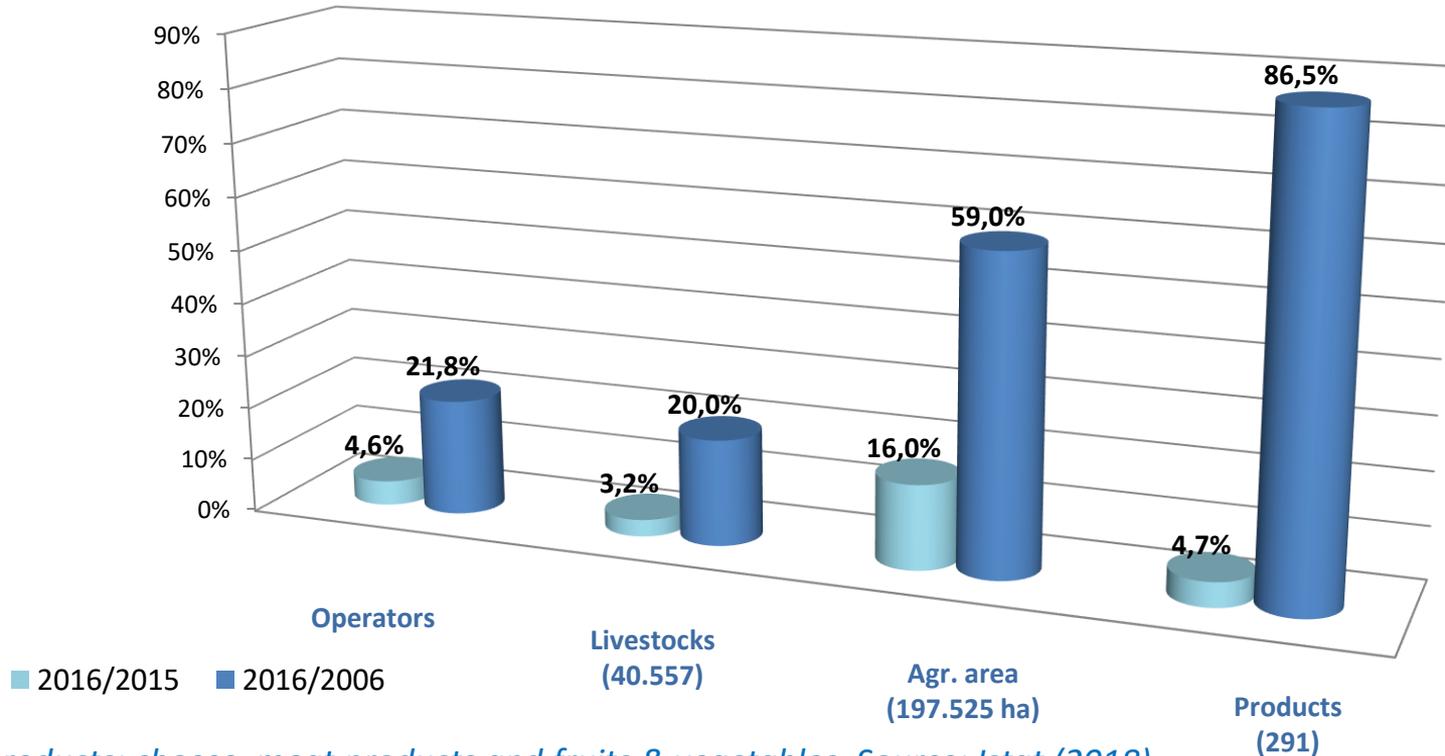
# Organic agriculture in Italy



- The organic area reaches **1.8 million hectares** in 2016, with a 14.5% incidence on the total area, while producers, processors and importers exceed 72,000 units.
- With an estimated value of over **2 billion euro** in 2016, the Italian organic market represents around 3% of agri-food expenditure (first semester 2017).
- **Fruits, vegetables, dairy products and cereal derivatives** are the best-selling products (packaged), but the most consistent variations are recorded for **wine and sparkling wines**.

# Geographical indications in Italy (food)

Italy is the first EU country in terms of number of recognitions, quality agro-food (PDO, PGI, TSG) grows:



Main products: cheese, meat products and fruits & vegetables. Source: Istat (2018).

# *The Italian food system: pros and cons*

---

## **Advantages**

- Quality and variety of agricultural productions
- Food and culinary tradition
- Mediterranean diet
- Presence of many typical products
- Presence especially in some sectors (wine) of a strong coop presence

## **Disadvantages**

- Small size of enterprise (agriculture and industry).
- Ageing operators.
- Small(er) international groups compared to the big multinationals.
- Research and training system in the agro-food sector still rather weak and fragmented.
- Trend towards homologation of food consumption.

---

# Policy issues



# EU strategies for food safety and nutrition

## **CAP (First and Second Pillar):**

- food safety, animal welfare, food waste reduction, sustainable use of pesticides are included in the new objectives.

## **Legislative proposal (June 2018) for a Single Market Programme.**

Concerning the food chains, the main objectives are:

- Prevent and eradicate diseases and pests for plants and animals
- Support a sustainable food production and consumption (food waste; consumer information/communication)
- Improve the effectiveness, efficiency and reliability of official controls all along the food chain (guarantees).
- Support policies to increase animal welfare.

# Further needs of a sustainable food system

---

## On the demand side:

- simple communication for defined targets,
- interventions aimed at orientating lifestyles (encouraging virtuous ones and discouraging those that are not sustainable),
- integrated approaches between different instruments and between different policies.

## On the supply side:

- Aggregation,
- Networking,
- Reputation and control;
- Innovation (sustainable intensification; precision agriculture; digital farming).

# *Summing up: towards a possible convergence*

Different food models (Sotte, 2010):

---

*From lab to fork:* technology-oriented, industry-led, big brands, multinationals.

*From farm to fork:* farm diversification, product differentiation, multifunctionality.

Alternative models are getting closer thanks to policies and technology.

**Technology** facilitates the relationships producer/consumer, improving sustainability, differentiating products rather than standardising them.

**Policies** reduce transition costs due to the differentiation products.

---

**THANK YOU for your kind attention!**

**[roberto.henke@crea.gov.it](mailto:roberto.henke@crea.gov.it)**