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DIRECT SALES OF PRODUCTS OF ANIMAL ORIGIN IN POLAND

Key words: farmers, direct sales, short food supply chains, small scale agricultural retail trade

ABSTRACT. The purpose of this paper was to determine the scale and product categories involved in direct sales of food of animal origin and small scale agricultural retail trade as well as an analysis of direct sales covering the period from October 2016 to August 2019. The European Commission promotes short food supply chains, recommending that Member States simplify rules regulating direct selling. In 2017, Poland simplified the law on the sale of processed and unprocessed food of animal and non-animal origin by farmers. The study focused on farms run by farmers involved in the direct sales of products of animal origin and small scale agricultural retail trade. Such activity must be reported to the General Veterinary Inspectorate (GIW). The analysis showed that the direct sales of food products are developing and involve an increasing number of producers offering produce. Compared to 2016, the number of entities involved in registered direct sales increased by 28.5%. The categories of products most often sold through direct sales involve – unprocessed bee products, table eggs and fishery, while small scale agricultural retail trade mostly focused on table eggs, unprocessed bee products, dairy products, raw milk and meat products.

INTRODUCTION

Current food supply chains are increasingly seen as unfavourable to farmers. Farmers and small food cooperatives often depend on strong market players when it comes to processing and distribution, and as a result they fall victim to unfair trading practices. Therefore, the development of short food supply chains is gaining in popularity. As a result, consumers receive fresher, more diverse, better quality food [Minta, Uglis 2018]. From the producer's perspective, short supply chains allow fairer income through price control. What is more, direct selling reduces the carbon footprint of food distribution as short supply chain deliveries do not require long-term storage, extensive packaging or the long-distance transportation of food. Thus, local production and consumption is seen as a way of achieving a fairer income for farmers, benefits to the natural environment as well as higher quality local food produce for consumers.

MATERIAL AND METHODS

The study focused on farms run by farmers involved in the direct sales of products of animal origin and small scale agricultural retail trade. The data were available due to the requirement of reporting this type of activity to the General Veterinary Inspectorate (GIW). Pursuant to the provisions of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), the data in question are not currently published on the GIW website and may only be made available at the request of the researcher. They are in the form of anonymised lists, including the following data: veterinary identification number, voivodship, district, type of activity. Until 20th August 2019 10,715 entities involved in direct sales and 6,884 entities involved in small scale agricultural retail trade were registered. On the basis of the data contained in the publication [Sieczko et al. 2016], regarding the functioning of entities involved in direct sales, a comparative analysis with the current period was made. The purpose of the study was to determine the scale, regional reach and categories of products of animal origin marketed through direct selling including small scale agricultural retail trade as well as a comparative analysis of direct sales form 2016 and 2019. The study involved desk based analysis of data provided by the General Veterinary Inspectorate (GIW) underpinned by literature review.

DIRECT SALES IN POLAND

The European Commission is increasingly promoting short food supply chains, recommending that Member States support the mechanisms shortening food supply chains and simplify the legislature regulating direct sales [Staes, Heubuch 2018]. There are nearly 1.5 million farms in Poland, of which over 90% are family farms. Their average size is only 12 ha [Szymańska et al. 2018]. The weak position of farmers in the food supply chain results from the large fragmentation of farms. A good solution is the development of direct sales, which is the simplest form of the supply chain, in which the producer directly contacts the consumer in various ways, including ‘farm-gate’ sales, selling in created points of sale, inviting consumers to pick their own fruit in an orchard or providing box deliveries to consumer houses and offices. Direct selling is not a solution that would suit everyone - it requires extra effort, so the farmer must have surplus labour resources on the farm. It also has its pros and cons. The biggest advantage is the increase in the standard of living for farmers and their families, which in turn makes living in rural areas more attractive [Minta, Kalinowski 2013]. Then, the possibility of direct contact with the customer enables the farmer to track market trends and analyse the demand for specific products on an ongoing basis [Sieczko 2015]. Direct sales also become a marketing instrument stimulating the senses of sight, smell, taste and touch. As for the disadvantages of direct sales, it is a time and cost intensive operation [Sieczko 2015]. The disadvantages result mainly from incurring high costs of distribution, among other things, high marketplace fees, access to the client, the purchase of a refrigerator car.

Still, direct selling is worth supporting[1] as it contributes to the independence of farms from state support (the share of direct payments in the income of some farms exceeds 50%) [Szczepaniak 2017]. In Poland, direct selling by farmers is restrained by many legal acts[2], which is the main reason why numerous farmers refrain from this type of activity [Gołębiewski, Bareja-Wawryszuk 2016]. Legal regulations separately concern the food of plant origin and animal origin [Brzeziński et al. 2014, Kapała et al. 2015]. In order to facilitate selling agri-food products by farmers themselves, new legislation has been passed. The Act on small scale agricultural retail trade has been in force since January 1, 2017 [Journal of Laws, 2016.1961, Journal of Laws, 2018.2242]. Farmers may continue to sell unprocessed products of plant origin from their own cultivation (under the regulations on 'direct deliveries') or processed and unprocessed products of animal origin (sales under the regulations on 'direct sales' and 'marginal, limited and local activities' (MOL)), but, under new legislation, they may additionally process foods and sell them to the final consumer both on their own farm and in places designated for trade. Revenue from small scale agricultural retail trade is not taxed to the amount of PLN 40,000, above this amount a flat rate of 2% tax applies. Processed products from own crops, rearing and breeding can be sold in all places intended for trade, including buildings. There is also the possibility of selling during exhibitions, festivals or fairs organized to promote agri-food products. Production should come from own crops, rearing and breeding. Purchasing products from outside the farm is another option, however, this cannot constitute more than 50% of the final product. It is also permissible to sell such food through an intermediary who has a producer involved in small scale agricultural retail trade in the same district or neighbouring districts producing food as part of agricultural retail trade [Żurek et al. 2018]. 'Small scale agricultural retail trade' is therefore a term covering a wider range of activities than 'direct sales', as it applies to all types of food, i.e. of animal and non-animal origin, both processed and unprocessed. Compared to 'marginal, limited and local activities' (MOL), it is a simpler form which does not require large investment. It allows farmers to start a business activity, which only requires registration with a district veterinarian.

It is also worth noting that the scale of direct sales depends on the place of residence of a Polish consumer. Research by Agnieszka Borowska [2017], even though concerning the purchase of traditional and regional products, showed that consumers living in cities of over 200,000 residents mostly buy such food in retail outlets and less frequently in marketplaces. Rural residents, more often than city inhabitants, declared that they buy food directly from the producer (most often they are local suppliers) and occasionally during fairs and promotions.

1 On May 16, 2017, the Council of Ministers adopted a document entitled The Common Agricultural Policy after 2020 – Polish Priorities stating that "Alternative distribution channels, including short supply chains, and local markets that increase farmer share in the value added chain, contribute to the development of organic and traditional production, and strengthen links between farmers and consumers, should be effectively supported".

2 The term 'direct sale' in Polish legislation covers products of animal origin. Their placing on the market is regulated by the Act of 16 December 2005 on products of animal origin (Journal of Laws 2006, No. 17, item 127 and No. 171, item 1225); the Regulation of the Ministry of Agriculture and Rural Development of December 29, 2006 on veterinary requirements in the production of products of animal origin intended for direct sale –Journal of Laws No. 5, item 38 of 12 January 2007.

RESULTS

According to General Veterinary Inspectorate (GIW), as of 20th August 2019, there were 10,715 entities involved in registered direct sales. In 2016, the number of respective entities constituted 8,341, which means there has been a 28.5% increase in the above period.

The distribution of registered entities by voivodship shows that the majority was registered in the Wielkopolskie Voivodship (19.6% of all registered nationwide) and the Dolnośląskie Voivodship (13.5%). Only these two voivodships account for nearly 1/3 of all registered entities. The smallest number of registered entities was recorded in the Świętokrzyskie Voivodship (1.8%) and the Podlaskie Voivodship (2.1%). Other voivodships constituted 3.2% to 8.3% of all entities registered in the country. The spatial changes compared to 2016 are presented in Figure 1. In the period from October 2016 to August 2019, an increase in the number of registered entities was recorded in all voivodships. The highest percentage increase in the reported direct sales of products of animal origin was noted in the Podkarpackie Voivodship (59.2%, 145 entities more) and Łódzkie Voivodship (56.3%, 174 entities), and the smallest in the Wielkopolskie Voivodship (13.6%, 252 entities more) and the Zachodniopomorskie Voivodship (18.0%, 92 entities more).

The structure of 10,715 entities was dominated by units selling unprocessed bee products – 72.5%, table eggs – 13.6% and fishery products – 8.8%. These three categories were covered by 95,0% of registered entities. The remaining categories accounted for only 5.0%.

In the structure of categories of sold products (Figure 2), the largest increase in the period from 2016 to 2019 was recorded in the category of poultry (147.3%, 109 more

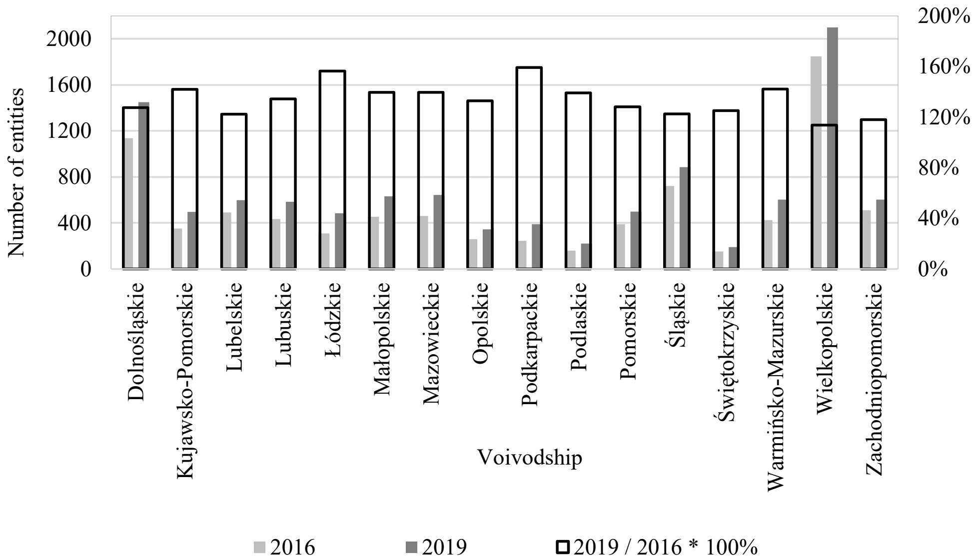

Figure 1. Number of registered entities involved in direct sales in 2016 and 2019 by voivodship and their quotient expressed as a percentage

Source: own study based on data from the General Veterinary Inspectorate (GIW)

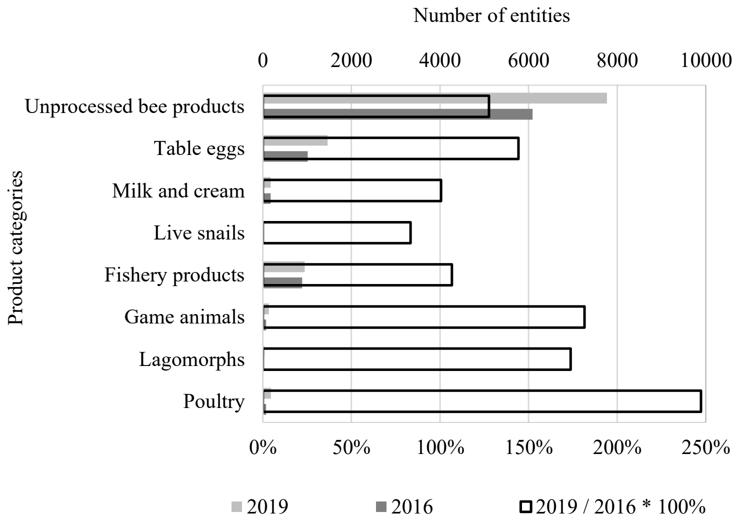

Figure 2. Number of registered entities involved in direct sales in 2016 and 2019 by product categories and their quotient expressed as a percentage

Source: own study based on data from the General Veterinary Inspectorate (GIW)

registered entities), game (81.6%, 62 entities more) and lagomorphs (73.7%, 14 entities more). In the category of live snails, the number of entities decreased by 1 (16.7%). The smallest increases were recorded in the categories of milk and cream (0.6%, one entity more) and fishery products (6.6%, 71 entities more, but simultaneously in the Lubelskie and the Śląskie voivodships recorded a decrease, which resulted in the balance of growth in Poland of 59 entities). The highest nominal increase by 1,682 entities occurred in the category of unprocessed bee products, accounting for an increase of 27.6%, and 448 entities more were recorded in the table eggs category (an increase by 44.2%).

The number of registered entities involved in small scale agricultural retail trade in August 2019 was 6,884. The biggest number of entities involved in agricultural retail trade was recorded in the Mazowieckie Voivodship – 687 entities (10% of all registered in Poland), the Zachodniopomorskie Voivodship – 594 entities (8.6%) and the Dolnośląskie Voivodship – 567 (8.2%). Three voivodships with the largest number of registered entities accounted in total for 26.8%. The fewest entities were registered in the Opolskie Voivodship – 80 (1.2%). Other voivodships recorded between 8% and 3.4% of all entities registered in the country.

The structure of entities involved in agricultural retail trade (Table 1) was dominated by entities selling: hen eggs – 22.9%, unprocessed bee products – 22.0%, dairy products – 8.6% as well as raw milk and meat products (7.8%). The five mentioned groups accounted for 69.1% of all registered categories

Other categories accounted for 6% to 0.09% of all registered products. Small scale agricultural retail trade allows farmers to sell processed products of animal and plant origin. In this group, as already mentioned, the most frequently reported products were dairy and meat products. Among processed products of animal and plant origin, farmers also reported ready-to-eat food of animal and plant origin – 3.8% and sweet bread, cakes and pastries – 2%.

Table 1. The number of registered farms involved in agricultural retail trade by product categories and voivodship (as of 20th August 2019)

Voivodship	Product Category (No.*)																			Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Dolnośląskie	40	18	144	106	12	0	36	19	0	40	14	49	4	25	3	25	12	9	11	567
Kujawsko-Pomorskie	36	24	141	85	3	0	21	24	0	33	5	42	5	9	1	12	11	10	5	467
Lubelskie	12	2	70	77	8	0	12	5	0	18	2	14	0	1	0	4	3	2	1	231
Lubuskie	21	14	69	174	1	0	14	10	2	19	1	26	6	11	1	13	5	7	5	399
Łódzkie	23	9	93	78	6	0	45	19	1	60	3	22	2	11	0	13	8	5	2	400
Małopolskie	47	28	71	107	4	0	45	22	3	52	2	59	5	10	2	22	9	6	4	498
Mazowieckie	41	22	135	178	6	1	63	34	1	78	7	44	4	20	0	25	12	8	8	687
Opolskie	11	3	17	7	1	1	3	1	1	4	1	11	2	5	1	7	2	1	1	80
Podkarpackie	51	32	90	114	13	0	22	11	5	35	5	56	3	15	0	13	7	3	3	478
Podlaskie	27	21	83	67	2	0	10	11	0	19	3	33	3	8	0	8	14	2	4	315
Pomorskie	37	26	163	80	5	1	17	36	2	20	7	43	6	14	6	21	13	6	7	510
Śląskie	66	35	103	62	6	0	51	39	2	44	6	55	8	10	2	16	1	1	4	511
Świętokrzyskie	14	7	26	84	2	1	16	9	1	27	1	13	3	12	1	12	2	3	0	234
Warmińsko-Mazurskie	31	20	125	87	14	1	21	30	3	37	12	46	5	19	6	32	21	21	20	551
Wielkopolskie	33	17	85	69	13	0	23	17	1	27	4	34	5	10	0	10	7	4	3	362
Zachodniopomorskie	49	32	163	138	15	1	15	28	0	23	12	43	6	14	0	26	14	10	5	594
Poland	539	310	1,578	1,513	111	6	414	315	22	536	85	590	67	194	23	259	141	98	83	6,884

* Product category: 1 – raw milk, 2 – raw cream, 3 – hen eggs, 4 – raw bee products, 5 – fishery products, 6 – live snails, 7 – fresh and processed meat (beef, pork, sheep, goat and horse)), 8 – fresh and processed poultry and lagomorph meat, 9 – fresh and processed game meat, 10 – meat products, 11 – processed fishery products, 12 – dairy products, 13 – egg products, 14 – ready-to-eat food of animal origin, 15 – ratite eggs, 16 – ready-to-eat food of animal and plant origin, 17 – sweet bread, cakes and pastries, 18 – confectionery, 19 – ready-to-eat meatless food.

Source: General Veterinary Inspectorate (GIW) data accessed 20.08.2019

CONCLUSIONS

In a highly competitive market like the food sector, choosing the right method of production, distribution, promotion and pricing policy determines the competitiveness and profitability of farms. The weak position of farmers in the food supply chain results from the large fragmentation of farms. One of the solutions is the development of direct sales. Research has shown that farmers are increasingly interested in this form of selling their produce. The number of farms involved in the 'direct sales' of products of animal origin registered by the General Veterinary Inspectorate (GIW) in August 2019 was 10,715, which accounts for an increase of 28.5% compared to 2016. Additionally, there were 6,884 registered entities involved in 'small scale agricultural retail trade'. The research results showed that the largest number of registered entities involved in direct sales were in the Wielkopolskie Voivodship and the smallest number – in the Świętokrzyskie Voivodship, while in the case of retail trade it was as follows – the Mazowieckie Voivodship and the Opolskie Voivodship, respectively. Comparing the categories of products marketed through direct sales, it can be observed that 95% of registered groups are unprocessed bee products, table eggs and fishery products. In small scale agricultural retail trade, five product groups predominate, i.e. table eggs, unprocessed bee products, dairy products, raw milk and meat products, which together account for 69.1% of all registered products.

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SPRZEDAŻ BEZPOŚREDNIA PRODUKTÓW POCHODZENIA ZWIERZĘCEGO

Słowa kluczowe: rolnicy, sprzedaż bezpośrednia, krótkie łańcuchy dostaw żywności, rolniczy handel detaliczny

ABSTRAKT

Celem artykułu jest określenie skali i zakresu rodzajowego sprzedaży bezpośredniej produktów pochodzenia zwierzęcego i rolniczego handlu detalicznego oraz analiza sprzedaży bezpośredniej obejmującej okres od października 2016 do sierpnia 2019 roku. Komisja Europejska propaguje formułę krótkich łańcuchów żywnościowych, zalecając państwom członkowskim upraszczanie zasad sprzedaży bezpośredniej. Od 2017 roku w Polsce uproszczono prawo dotyczące sprzedaży żywności pochodzenia zwierzęcego i niezwierzęcego, nieprzetworzonej i przetworzonej przez rolników. Badaniami objęto gospodarstwa rolników prowadzące sprzedaż bezpośrednią produktów pochodzenia zwierzęcego oraz rolniczy handel detaliczny. Taka działalność wymaga zgłoszenia jej do Głównego Inspektoratu Weterynarii (GIW). Analiza wykazała, że sprzedaż bezpośrednia produktów żywnościowych rozwija się i cieszy rosnącym zainteresowaniem wśród producentów oferujących swoje produkty. W stosunku do 2016 roku liczba zarejestrowanych podmiotów prowadzących sprzedaż bezpośrednią wzrosła o 28,5%. W ramach sprzedaży bezpośredniej są to najczęściej nieprzetworzone produkty pszczele, jaja konsumpcyjne, produkty rybołówstwa, a w ramach handlu detalicznego – jaja konsumpcyjne, nieprzetworzone produkty pszczele, produkty mleczne, mleko surowe i produkty mięsne.

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