

THE ECONOMIC IMPACT OF LOCAL FOOD PRODUCERS ON RETAILERS IN ROMANIA

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Abstract

The paper aimed to present the actions undertaken by the retail sector to support local producers in Romania. The study is based on statistical data provided by representatives of the "Profi" food retailer, which has the largest number of employees in the Romanian market. Through documentary research, we analyzed the presence of local producers in the retailer's stores and how it facilitates the relationship between consumers and producers. At the same time, the scientific endeavor examines the presence of local producers nationwide, focusing on the number and diversity of categories to assess how the products available in the retailer's stores meet consumers' needs and desires. Based on the statistical data, we made forecasts regarding the evolution of local producers in the stores. The results showed an upward trend, supported by the percentage of local products sold in the total sales of the analyzed retailer.

Key words: local producers, traditional producers, economic impact, Food Retail, Romanian market

INTRODUCTION

At a global level, producers play a fundamental role in the economy, ensuring the supply of products necessary to meet market demand (Illeris, 1989) [10].

In recent years, the way producers are perceived has undergone certain changes, with local producers securing a significant share of the market supply.

Initially promoted at fairs and community-organized events, their presence has become increasingly visible, as in recent years they have established partnerships with major retailers.

Through these partnerships, they have gained access to stores, reaching a broader audience (Bejan et al., 2025) [4].

Although they were initially found mainly at fairs specific to winter holidays (Preda & Cretu, 2024) [13].

The visibility of local producers has increased both at the European and local levels in recent years. They are now more widely recognized, a process facilitated by partnerships with major retailers.

Of course, the benefits have also been numerous for consumers, who now have access to local agricultural and food products. This has led to increased competitiveness and the development of the agricultural sector (Timofti & Timofti, 2015) [19].

Research conducted in recent years has shown that individuals have developed a preference for local, healthy, and eco-friendly products (Petre & Draghici, 2021) [12], and for it, they are willing to pay more. As a result, in recent years, consumer concerns have transcended visual aspects (such as recyclable packaging) and have placed greater emphasis on the quality of the product and its source. The ultimate goal of consumers is to support local producers and family businesses, believing that they are more „faithful” to sustainable principles, incorporating them into their production or sourcing processes.

Initially, local producers primarily opted for direct distribution channels (local markets or direct deliveries to customers) (Cetina et al., 2020; Caratus Stanciu, 2018) [6, 5]. However, this approach has changed in recent years. The main drawback (limited reach to a large

number of consumers despite sufficient production capacity) has been overcome through partnerships with retailers operating in the market (Stein & Santini, 2022) [18].

Depending on the level of market development and the products they offer, local producers can be categorized into numerous groups. This classification takes into account factors such as the complexity of the economy, sustainability practices implemented in their activities, and food security in cases where they operate in this sector.

Some authors (Giller et al., 2021) [9] argue that the category of local producers should also include small traditional farmers and companies that use advanced technologies. The advantage of this segmentation lies in a greater ability to respond to climate change while accommodating the needs of a growing global population. At the same time, it helps preserve food diversity and implement sustainable practices. Essentially, by including companies that adopt modern technological practices within the group of local producers, the needs of a larger number of individuals could be met, increasing production capacity. However, some opinions suggest that local producers are characterized by lower production volumes and a greater focus on product quality. Industrializing these tasks could be seen as a loss of essence for local producers.

Regarding the scale of their operations, Davis et al. (2021) [7] argue that small farmers, as part of the local producer segment, struggle to adapt to environmental shocks but contribute to supply chain development by diversifying food sources. Medium and large-scale producers support them by combining traditional methods with technological innovations, thus enhancing efficiency and facilitating access to regional and global markets.

Some researchers (Enthoven & Van den Broeck, 2021) [8] believe that the spectrum of local producers is much broader, encompassing everything from individual farms to cooperatives and family enterprises. Given this diversity, it becomes easier to adapt to the needs of the communities where they operate, ensuring consumer satisfaction and

trust. Essentially, the benefits are twofold. Companies benefit because they support the community, which contributes to their growth while selling their stock efficiently. Consumers benefit by knowing the origin of their products and ensuring they receive high-quality goods produced sustainably.

In recent years, many local producers have aimed to engage consumers in the production process. This is most commonly seen in fruit and vegetable farms, where customers can pick their produce for a small fee. This approach allows producers to reduce labor costs while increasing consumer trust, as they feel more involved in the supply chain (Wu et al., 2021) [20].

When analyzing the diversity of local producers, an essential factor to consider is the economic and social structure of the region in which they operate. For example, Malizia et al. (2021) [11] state that in some regions, small producers focus on subsistence agriculture, while others specialize in premium products such as organic foods or traditional products with geographical indications. These producers cater not only to national market needs but also serve international consumers, thereby promoting the regions they come from.

Based on these considerations, this research aims to analyze the importance of local producers within the communities where they operate and to determine the measures retailers implement to support them.

The research novelty of this study lies in the analysis of the economic impact of actions taken by the retailer with the largest number of employees in collaboration with local producers.

MATERIALS AND METHODS

In conducting this research, we analyzed the Fast-Moving Consumer Goods (FMCG) sector.

We chose this field because it includes goods with low prices, short shelf life, and high purchase frequency, which are considered essential or moderately necessary products.

At the same time, another factor behind this choice was the composition of the shopping basket.

Regardless of income level or financial situation, consumers tend to cut back on discretionary expenses (such as vacations, recreational services, and entertainment) in favor of purchasing food products necessary to meet their physiological needs.

Thus, we sought to establish a partnership with the business sector to facilitate the collection of information regarding relationships with local producers.

Following our documentary research, we selected the retailer with the largest number of employees, based on the premise that a company's care for its internal customers (employees) is likely to be reflected in its relationship with consumers as well (Profi.ro, 2025) [15].

The research questions were:

Q1- „What is the impact of local producers on the economy?”,

Q2-„What actions does the selected retailer implement in support of local producers?” and

Q3- „What is the geographical distribution of the producers collaborating with the selected retailer?”.

To answer these questions, we conducted a documentary analysis tracking the evolution of the number of producers between 2022 and 2024, considering the entire territory of Romania.

The starting year represents the first year when the selected retailer established contracts with local producers, making their products available in stores.

RESULTS AND DISCUSSIONS

The information provided by the retailer allowed us to identify a classification of local producers used by the company. Based on their distance from the company and their coverage area, the retailer collaborates with local, regional, national, and artisanal producers (Bejan et al., 2025) [4].

At the end of 2022 (the first year observed), there were 7 active stores listing 27 local producers. The high sales volume of these products encouraged the retailer to expand its collaboration with them. As a result, by the end of 2023, 122 producers were present in 28 stores. One year later, their number had nearly

doubled, with 49 stores promoting 186 local producers (Figure 1).

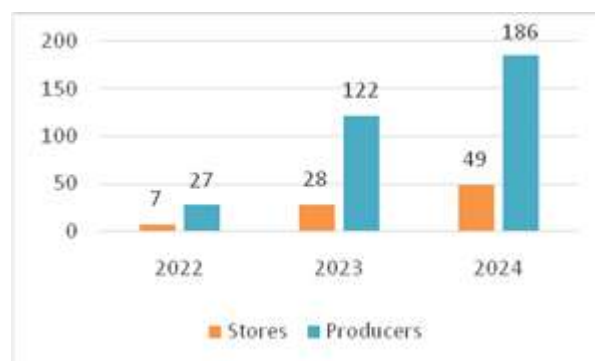


Fig. 1. The presence of local producers in stores
Source: Authors' Research based on the data from the retailer analyzed.

Of course, it is important to distinguish between listed producers and active producers. The first category includes producers considered by the retailer, with whom collaboration contracts have been signed, allowing them to sell their products in the retailer's stores. The second category consists of producers who are physically present in stores, already benefiting from the opportunity to sell their products (Figure 2).

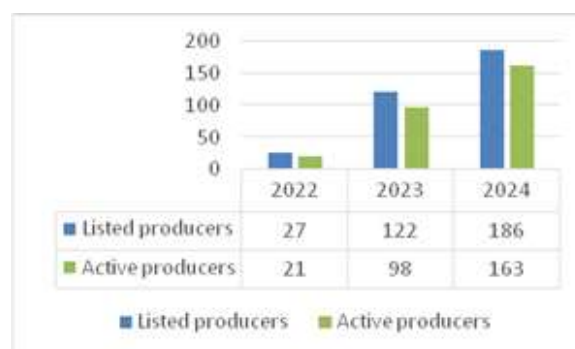


Fig. 2. Listed producers and active producers in stores
Source: Authors' Research based on the data from the retailer analyzed.



Fig. 3. Local producers' listed products in stores
Source: Authors' Research based on the data from the retailer analyzed.

Of course, each producer present in stores offers a wider range of products. Thus, by the end of 2024, the total number of listed products was approximately 1.400 items (Figure 3). According to the provided data, approximately 95% of total spending on purchased products in 2023 was allocated to local suppliers (Profi.ro, 2023) [14]. The analyzed retailer has actively supported small local producers through two key projects – „Via Profi” and „The Shelf of Delicacies”. While the „Via Profi” campaign aimed to identify and register small local producers on a digital platform, the „The Shelf of Delicacies” initiative gained greater in-store visibility. As an innovative initiative, „The Shelf of Delicacies” or „The Shelf of Local Delicacies” focused on traditional local producers, bringing time-honored recipes and the authentic taste of the past to consumers. Launched in 2022, the „The Shelf of Delicacies” project has continued to expand, both in terms of geographical reach and the number of participating stores (Figure 4).

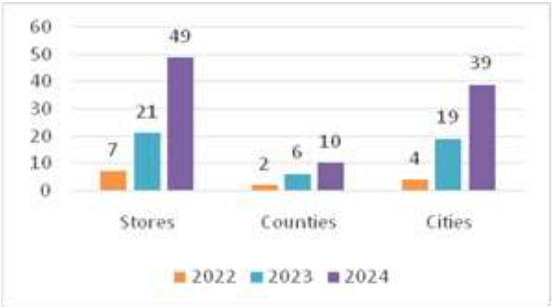


Fig. 4. Stores, cities, and counties involved in „The Shelf of Delicacies” campaign
Source: Authors' Research based on the data from the retailer analyzed.



Map. 1. The coverage of „The Shelf of Delicacies” campaign across Romania
Source: Authors' work based on the data from the retailer analyzed.

Regarding geographical distribution, the local producers involved in „The Shelf of Delicacies” campaign come from various regions of the country. The retailer aims for wide coverage, with a stronger presence in counties with larger populations and major cities (Map 1). The success of „The Shelf of Delicacies” campaign was reflected in the sales growth recorded by local producers. According to their reported data, sales increased by approximately 30% in 2023 compared to the previous year. The range of marketed products is diverse, including bakery products, sweets, and alcoholic beverages (Table 1).

Table 1. Product categories in „The Shelf of Delicacies” campaign

Product Categories Sold	
Meat Products	Eggs
Dairy Products	Bakery Products
Canned Goods	Fish
Vegetables	Honey Products
Fruits	Alcoholic Beverages

Source: Authors' Research based on the data from the retailer analyzed.

Based on the information collected from the selected retailer, the goal for 2025 is to increase both the number of local producers present in stores and geographical expansion. The data provided by the retailer forecasts that by 2025, local producers will be present in at least 65 stores. Regarding geographical expansion, five additional counties from the Northeast and South regions of the country have been considered. These upward-trending forecasts align with tendencies observed at both the European Union and global levels. Research indicates a growing consumer preference for products offered by local producers. At the European Union level, consumers are placing increasing importance on local products. For example, a study conducted in Germany found that 84% of respondents stated that the regional origin of eggs was important or very important to them. For bakery products, especially bread, the percentage was approximately 80% (Statista Research Department, 2024) [16].

Similarly, a study conducted in the United Kingdom showed that 80% of respondents believe that domestically produced goods are safer compared to those imported from EU countries (Bedford, 2023) [1]. Another key reason for choosing British-made products is the desire to support local farmers. About 68.6% of respondents believe that local producers place greater emphasis on product freshness and quality (Bedford, 2024a; Bedford, 2024b) [2, 3]. Therefore, consumer loyalty toward local producers continues to remain strong.

CONCLUSIONS

In recent years, the presence of local producers in the Romanian market has become increasingly visible. The main beneficiaries of this trend are customers, who have access to fresh products that adhere to traditional recipes.

Major retailers in the fast-moving consumer goods sector have also contributed to promoting small producers. For example, the retailer with the largest number of employees has taken action in two key areas. First, it has allocated in-store space for small producers through „*The Shelf of Delicacies*” campaign. Second, it has developed the digital platform „*Via Profi*”, which brings together local producers from across Romania in an online environment.

As a result of their participation in „*The Shelf of Delicacies*” campaign, local producers have reported sales increases of up to 30%. The success of the campaign is reflected in its widespread presence across key regions of the country and the diverse range of products it offers.

Some studies (Statista Research Development, 2015) [17] indicate that the main reason consumers do not choose local products is their perception of higher prices. By emphasizing the origin and provenance of products, some consumers believe that local producers charge relatively high prices.

„*The Shelf of Delicacies*” campaign challenges this misconception by demonstrating to customers that they can purchase products

from local producers at affordable prices while maintaining high quality and authenticity.

Based on the campaign’s evolution over the three years since its launch, the retailer is considering expanding both the number of participating stores and the geographical regions where the initiative will be implemented.

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