

# The Rise of Online Delivery Platforms in Agri-Food Value Chains: Implications to Small-Scale Farmers

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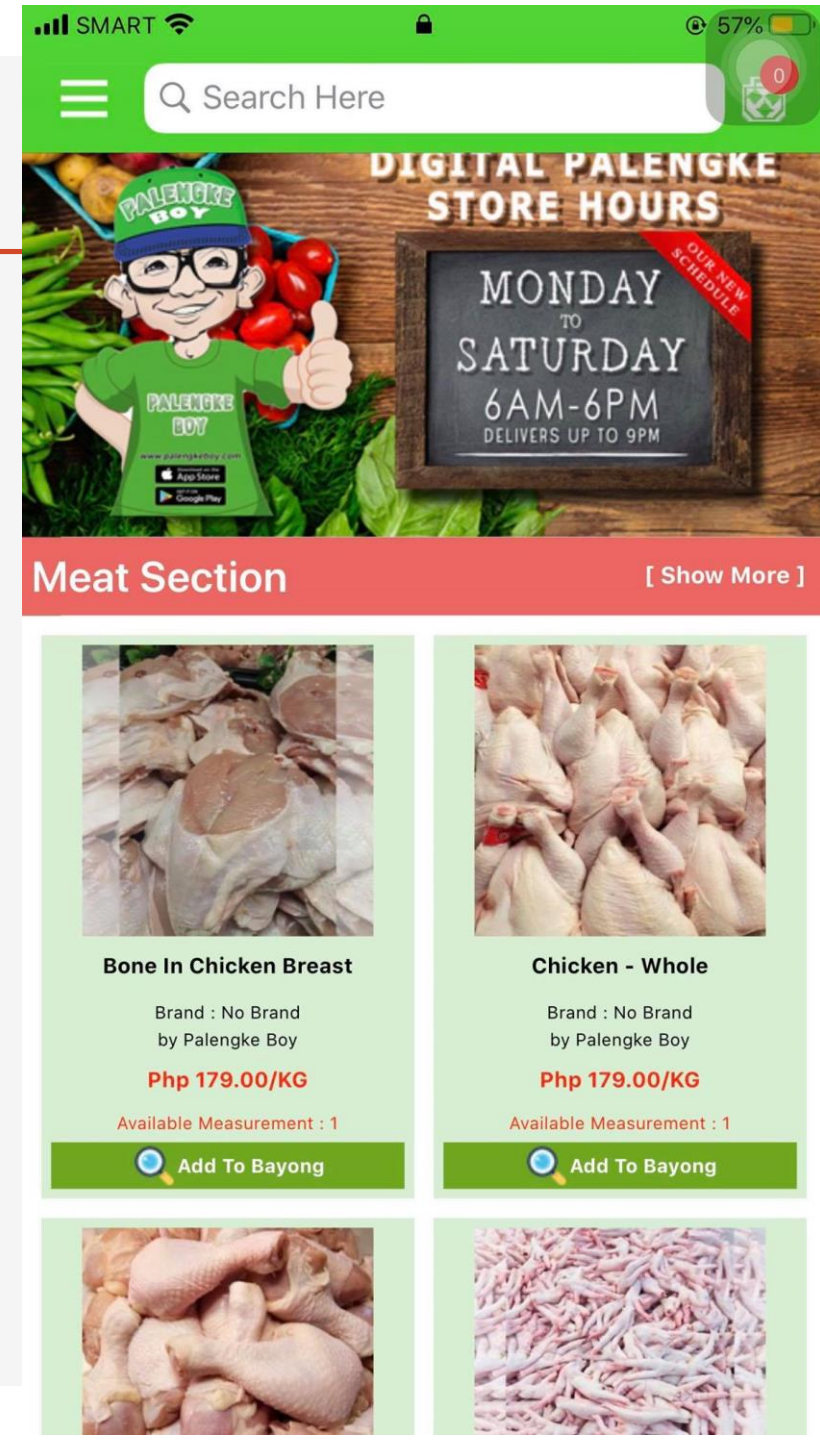
# Rationale

The increasing saturation of e-commerce and mobile technology brought considerable change into the way certain activities are conducted.

The agri-food value chain has been restructured with the entry of online food-delivery platforms (Hirschberg et al., 2016)

- provide convenience in food distribution
- expanded the choices of consumers

Innovation on the digitalization in the food value chains may result to significant stages being eliminated or shifted to different participants.



# Research Objectives

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**To map out the agri-food value chain of the most sold commodities of the online delivery platform in Davao City;**

**To identify the roles and functions of the various actors and key players involved in the chain;**

**To assess the impact of online delivery platform on the agri-food value chain of top three commodities; and**

**To identify the potential of online delivery platforms in fresh agricultural produce.**



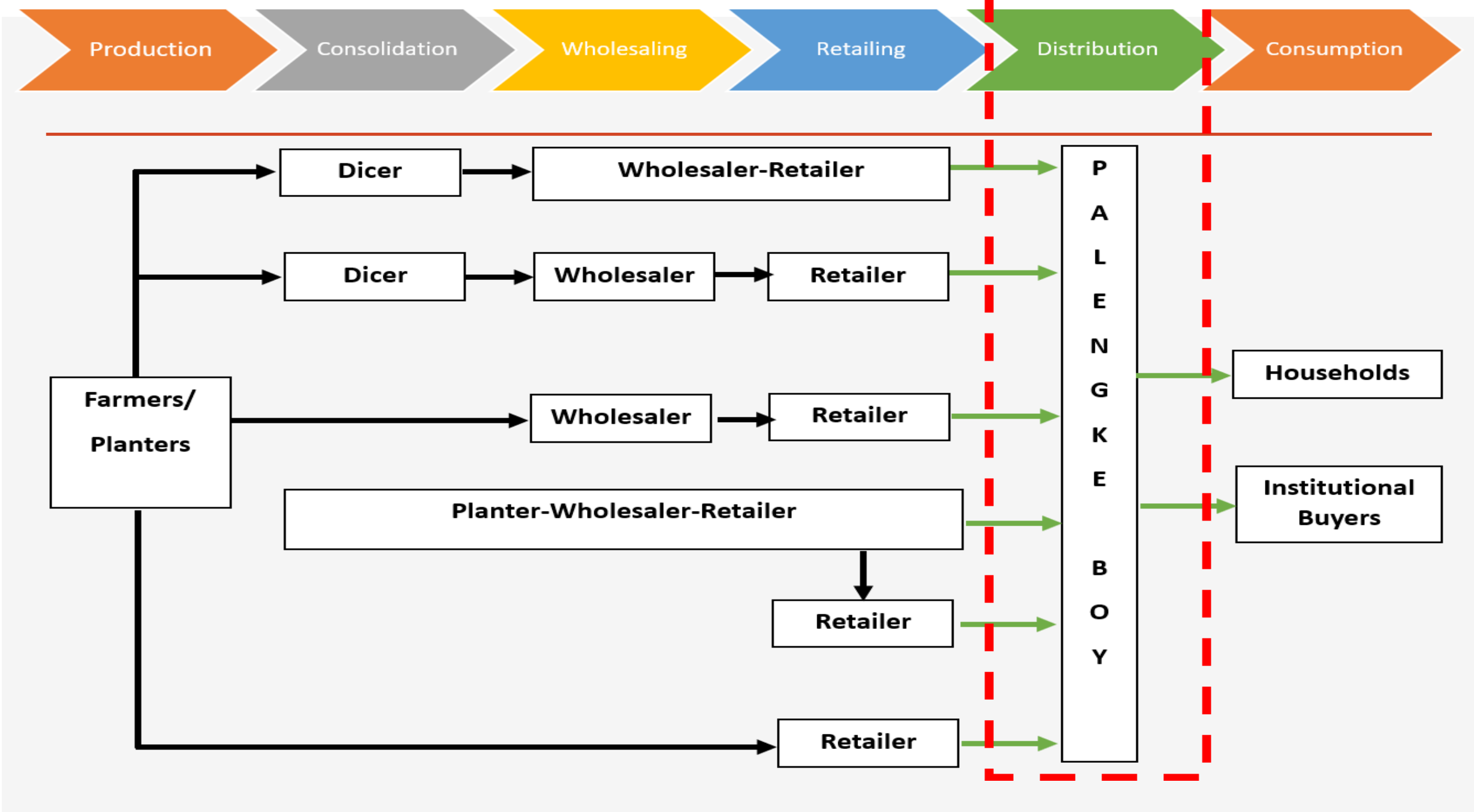


# Methods

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- Value Chain Framework
  - Comparison between the traditional value chain and the restructured value chain with the online delivery
- A qualitative approach to value chain mapping based on the case of Palengke Boy and a few retailers in Bankerohan, Davao City.
  - Data collection
    - Key Informant (1 owner Palengke Boy, 2 marketers of PB)
    - 1 Palengke Boy app user
    - Survey of retailers and wholesalers (2 wholesalers and 5 retailers)
    - Direct observation and documentation





**Figure 1. Value Chain of "Pinakbet" Vegetables, Davao City, Philippines**

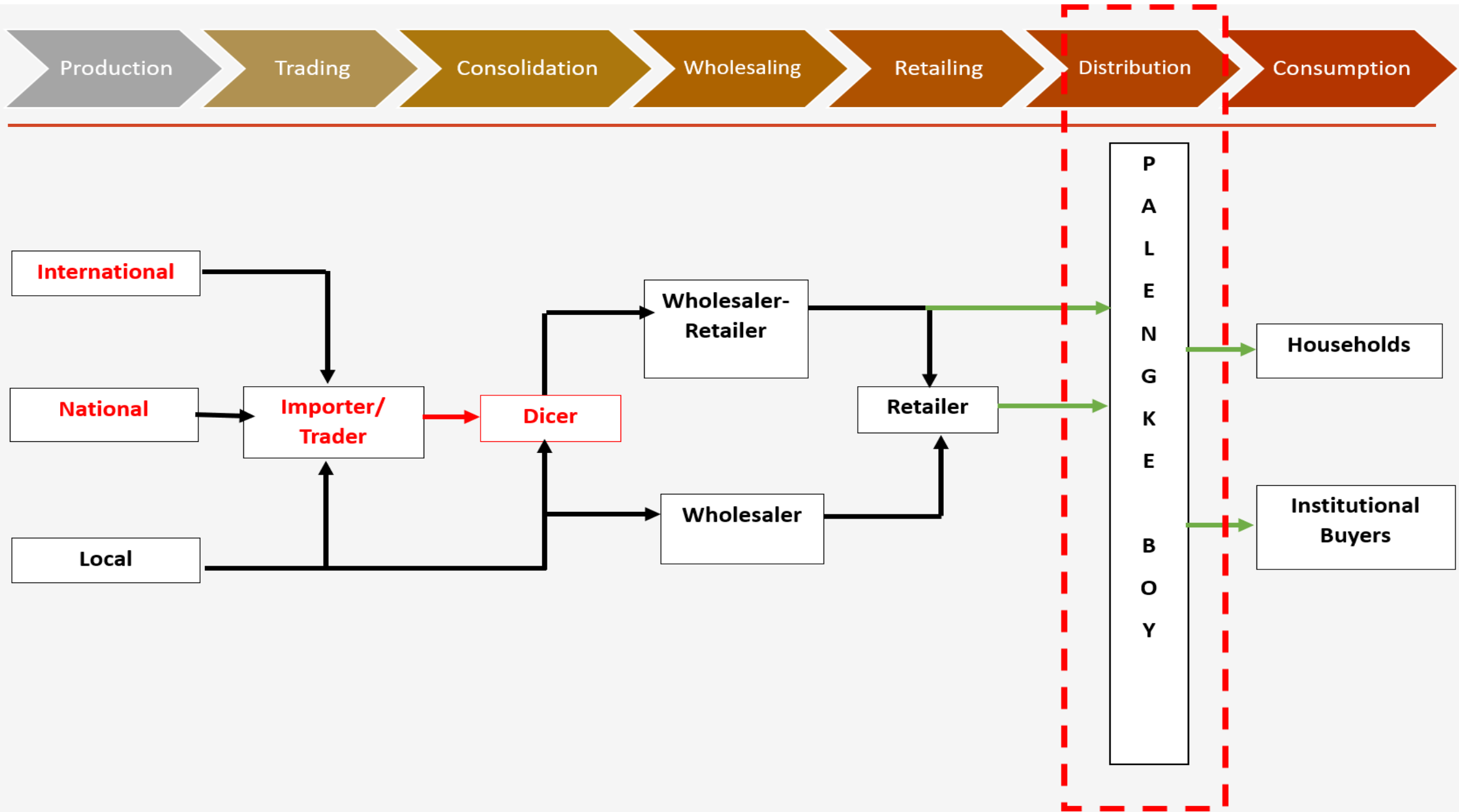


Figure 2. Value Chain of Spices, Davao City, Philippines

# Value Chain Actors

Chain Actor	Vegetables	Spices
Producer	<ul style="list-style-type: none"> <li>Farmers in Davao del Sur (Hagonoy and Bansalan)</li> <li>Farmers in Cotabato (Arakan and Makilala)</li> <li>Farmers in Davao City ( Callawa, Marilog)</li> </ul>	<ul style="list-style-type: none"> <li>Farmers in China</li> <li>Farmers in northern Philippines</li> <li>Farmers in Bukidnon and Makilala, Cotabato</li> </ul>
Trader	N/A	<ul style="list-style-type: none"> <li>Traders in Uyanguren, Davao City (Agri-venture stores)</li> </ul>
Consolidator	<ul style="list-style-type: none"> <li>Dicers in Davao del Sur</li> <li>Dicers in Cotabato</li> </ul>	<ul style="list-style-type: none"> <li>Dicers in Davao City</li> </ul>
Wholesaler	<ul style="list-style-type: none"> <li>Wholesalers and Wholesaler-retailers from Davao del Sur and Cotabato</li> </ul>	<ul style="list-style-type: none"> <li>Wholesalers and Wholesaler-retailers in Davao City and Makilala, Cotabato</li> </ul>
Retailer	<ul style="list-style-type: none"> <li>Retailers in Bankerohan Market, Davao City</li> </ul>	<ul style="list-style-type: none"> <li>Retailers in Bankerohan Market, Davao City</li> </ul>
Distributor	<ul style="list-style-type: none"> <li>Palengke Boy</li> </ul>	<ul style="list-style-type: none"> <li>Palengke Boy</li> </ul>
Consumer	<ul style="list-style-type: none"> <li>Households in Davao City</li> <li>Small business in Davao City (e.g. carenderia)</li> <li>Hotels in Davao City</li> </ul>	<ul style="list-style-type: none"> <li>Households in Davao City</li> <li>Hotels in Davao City</li> </ul>

# Impact of Online Delivery Platforms



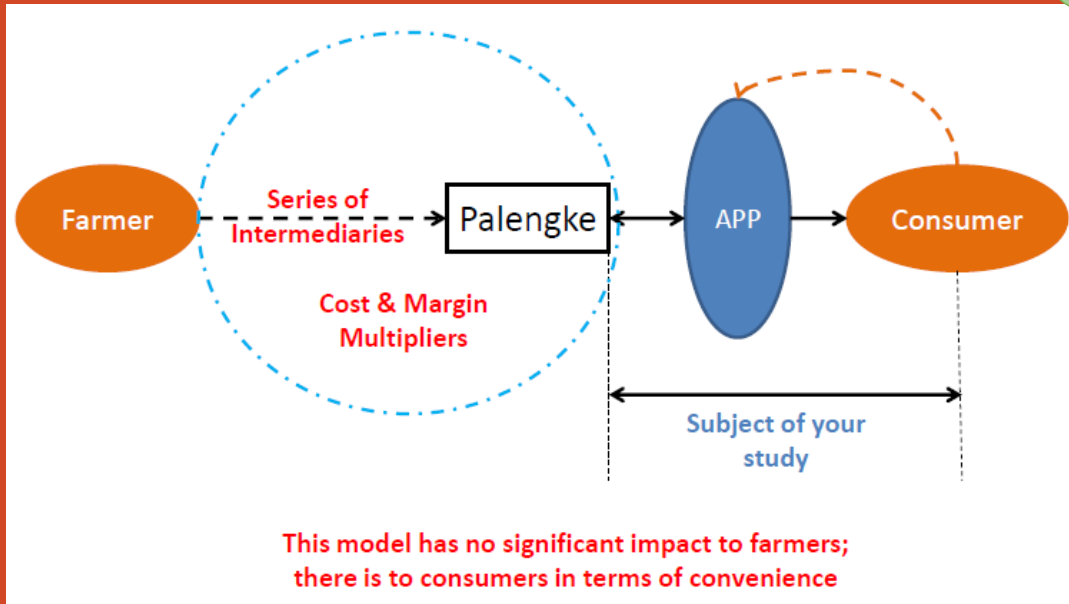
## EFFECT OF THE PRESENCE OF ONLINE DELIVERY SERVICES

None identified	None identified	None identified	None identified	Increased customer reach Increased sales	Convenience in purchase of wet market commodities  Cheaper price compared to supermarket prices.
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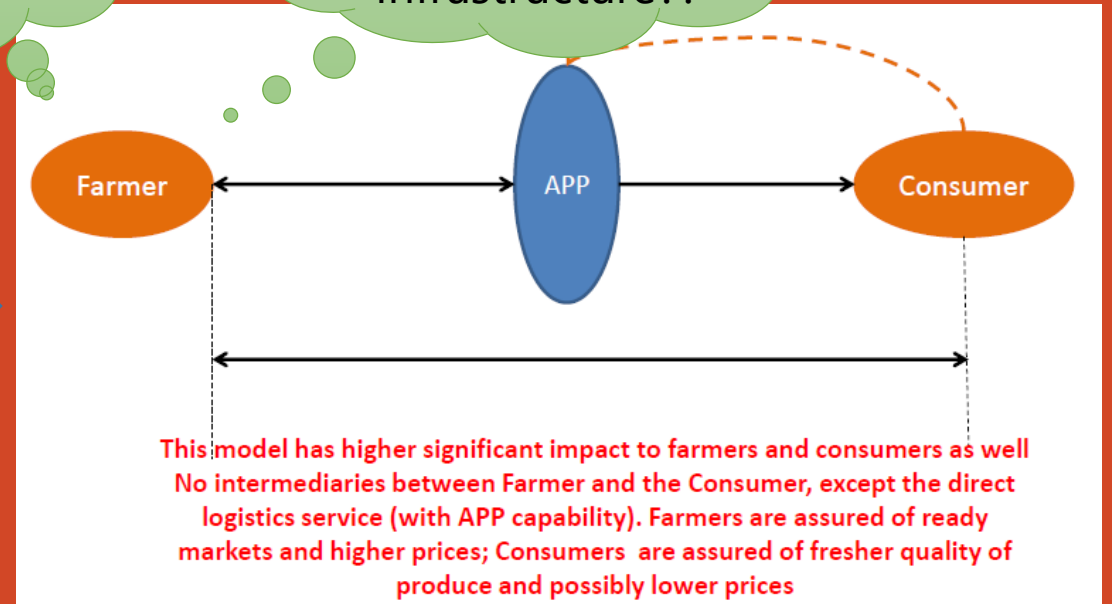
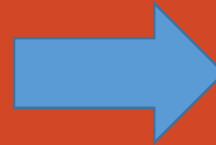
# Current model vs proposed model for online delivery platforms

(Adopted from Mr. Vicente Mauricio III, 2020)



Capacity to operate the app??

Stable Internet Connection??  
Infrastructure??



# Conclusions

- Addition of a new “distribution” node to the existing supply chain of vegetables and spices
- Consumers are the main benefactors of this innovation since they are offered convenience & price advantage in buying wet market products
- Retails also benefit because Palenke-Boy marketers prioritize quality, not “tawad”
- No significant impact on small-scale farmers
- There is potential for online delivery platforms to shorten the chain from producers to consumers but there are IT challenges



# ACKNOWLEDGEMENT



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- Mr. Vicente Mauricio III











Thank you  
Questions?