



Case study: **Farm Chrzypsko Małe**  
**Tradition and embeddedness in the community**

## Farm Chrzypsko Małe

### Tradition and embeddedness in the community

Sebastian Stępień

Poznań University of Economics and Business, Department of Macroeconomics and Agricultural Economics.

email: [sebastian.stepien@ue.poznan.pl](mailto:sebastian.stepien@ue.poznan.pl)

<b>Country</b>	<b>Poland</b>
<b>Region</b>	Wielkopolska
<b>Farmer</b>	Hanna
<b>Age</b>	57
<b>Gender</b>	female
<b>Education</b>	Secondary school / agricultural education
<b>Experience</b>	40
<b>Specialisation</b>	Crop production, milk
<b>No. family members</b>	6

### Description of the region

The farm is in the town of Chrzypsko Małe, in the Międzychód district and the Wielkopolska Province in Poland. This region is located in the transitional temperate climate zone, characterised by a temperate climate with minor temperature fluctuations compared to other regions of Poland. The inflow of maritime air masses from the west and continental air from the east shape the climate, which gives a variety of weather conditions. The average annual temperature is about 8°C, and the annual rainfall ranges from 500 to 550 mm. The terrain is lowland, with small hills shaped by the surrounding basins with lakes. Forest land (over 45%), followed by agricultural land (43%), dominates the region. The soils are of medium quality, intended mainly for the cultivation of cereals, corn and rapeseed.

*Picture 1 - Chrzypskie Lake*  
*Source: Photo by author of case study*



The Międzychód district is known as the "Land of 100 Lakes" and is an attractive tourist destination. There are numerous hiking and cycling trails, fishing bases, kayaking ports, and other water attractions. The area is well-connected. The farm is close to a small village with a population of about 100 people, two kilometres from the community with a population of 3500 inhabitants. There are three other towns close to the farm: 1) Wronki with a population of 10.5 thousand inhabitants, 2) Pniewy with a population of 8 thousand inhabitants, and 3) Sieraków with a population of 6 thousand inhabitants. The city of Poznań, with a population of 600 thousand inhabitants, is located 60 km from the farm. The community is predominantly agricultural in nature, but tourism activities are also present, especially during the summer. In addition to the permanent residents, immigrant residents, mainly from Poznań, have their own properties in the region. In the community, there are several beaches at the lake, rooms for rent, agri-tourism events, and one hotel.

### **Farm history, resources, technology and production of the farm**

The farm was purchased by the great-grandfather of Mrs. Hanna's husband from the previous owner, of Jewish origin, at the beginning of the 20th century. Initially, it had an area of less than 10 hectares of agricultural land and a mixed type of agricultural production. Before World War II, the grandfather owned the property. During the war, the family was displaced to

another province, but returned to the farm shortly after the war. During the centrally planned economy period in the second half of the 20th century, the farm remained private property of the family, but with the obligation to make mandatory deliveries. The subsequent owners were Mrs. Hanna's husband's father and then her husband (in the 1980s). Mrs. Hanna became co-owner of the farm in 1987, after she married into the family.

Since the 1990s, the farm has expanded its acreage (from about 10 hectares of agricultural land to about 25 hectares, including leased land). The farm had to change its production profile to fit market requirements and stopped pig production. On the other hand, the farm has specialised more in field crops and dairy cattle. The farm operates on about 25 hectares of agricultural land and cultivates mainly cereals and corn. Additionally, a small share of land allows for potato production for the family's needs, and four hectares produce permanent grasslands—an intermediary purchases about 80% of the grain harvest on contract. The rest of the grain feeds the cows and hens on the farm. The corn harvest feeds the animals in total. The hay for feeding also comes from farms' permanent grasslands. The farm keeps dairy cows, heifers, calves (14 animals) and bulls (5 animals). Production takes place in a closed system. Calves are born on the farm and then fed with milk and feed from the farm's own production. Additionally, the farm keeps 50 laying hens.

The dairy produces about 200 litres of milk daily, and the average daily milk production is 25 litres per cow. About 10% of the milk goes for household consumption and calf feeding. The remaining 90% is processed and sold through the short food supply chain. The processed dairy products consist of cottage rennet cheese, fresh white cheese (quark), smoked cheese, cream cheese and butter. Weekly sales are about: 1) 80 pcs. of cottage rennet cheese, 80 pcs. of fresh white cheese, 30 pcs. of smoked cheese, 30 pcs. of cream cheese, and 20 cubes of butter. SFSCs absorb about 80% of the eggs (the family consumes the rest). Average weekly egg sales average about 200 pcs.

Mrs. Hanna, with her husband, her son, and her daughter-in-law, is involved in farming operations. The husband and son organise crop production, and the daughter-in-law takes care of the animals. Mrs. Hanna manages the processing of products, sales and sales-related operations and tasks. Farm equipment comprises two tractors, two trailers, a loader, a plough, a seeder, and a sprayer, while renting the rest of the machines from the municipal agricultural service point during harvest periods. The most recent investment was in photovoltaic systems. The farm cooperates and keeps various partnerships with other business entities, such as: 1) the buyer of grain with whom farm signs annual contracts to supply the raw materials; 2) the supplier of inputs e.g. fertilizers and plant protection products; 3) also regular contacts are maintained with agricultural advisors and members of the agricultural chamber; and 4) cooperation with local authorities.

To sum up, in the past, the farm was focused on mixed plant and animal production. Such a diversification of production ensured greater income stability, but made it difficult to achieve scale effects and required significant involvement of the workforce. Currently, the farm is more



specialised, having given up pig farming and switched to cattle farming. The farm specialises in grain and corn cultivation, along with milk production.

Picture 2 - Farm and its land

Source: Photo by the author of case study



The farm has two main sources of revenue. Most of the grain is sold to an intermediary and the price paid to the farmer corresponds to the current market price. The farm uses no price risk management tools, and the revenue is variable, depending on market conditions. The second leading source of revenue comes from short food supply chains, which consist of milk production and the sale of dairy products, as well as the sale of eggs.

Sales prices of products offered by the farm in its short food supply chains are similar to the average prices of similar products in retail chains (or sometimes even lower). As Mrs. Hanna says, "*since I do not have to share with intermediaries, I can afford a lower price.*" Such a pricing policy increases customers' interest, especially those who are price-sensitive. Currently, the farm offers cash payments, which sometimes makes it challenging to settle transactions. Fortunately, there is an ATM in a nearby community. An important source that positively contributes to the economic sustainability of the farm is direct payments from the CAP budget.

## Reasons for integrating in the Short Food Supply Chain

In recent years, the profitability of pig production has dropped significantly in Poland. The main factors were rising costs associated with ensuring appropriate animal welfare conditions. The reason for tightening the regulations was the repeated occurrence of animal diseases, which compelled farmers to make necessary investments. For this reason, the farm gave up the production of pigs in 2019 and changed its specialisation to dairy cattle. The farm was selling the raw milk, and (at that time) only a small share of milk was processed (fresh white cheese and butter) and sold directly to neighbours in the town. At that time, milk prices fluctuated, causing economic instability and poor profitability in milk production. In 2020, a significant milk price decline in the dairy sector prompted farmers to reconsider their farm strategy. The direct impulse to engage in short supply chains was a case of such marketing and sales in the farmers' families. Mrs. Hanna saw the success of such a strategy and decided to expand the range of dairy products, starting to produce rennet cheeses. A family member who had started such sales a few years earlier provided advice on how to produce it.

*Picture 3 – Farm's homemade cheeses 1*  
*Source: Photo by the author of case study*



Picture 4 – Farm's homemade cheeses 2  
Source: Photo by the author of case study



The family member was the one who taught Mrs. Hanna how to process the milk into various dairy products. In the following years, Mrs. Hanna experienced the growing interest in different types of cheese among customers and expanded the range of products, including cream cheeses and smoked cheeses. The cheesemaker added new cheese flavours to the product portfolio. The farmer also attempted to produce maturing cheeses, but abandoned the idea due to storage problems (a lack of suitable maturing conditions). Currently, the product portfolio consists of four types of cheese, butter and eggs, while offering rennet cheeses in various flavours, e.g. dried tomato, wild garlic, red pepper, Provencal herbs, fenugreek, black cumin, walnut, and fried onion. The farmer regularly introduces new flavours, drawing inspiration from customer suggestions, reading culinary guides and watching thematic programmes.

### **Specific Way the Farm Engages in the Short Food Supply Chain: Customer segments, channels and customer relationships**

The value proposition of the farm from Chrzypsko Małe rests on high-quality, tradition and sustainability. In more detail, the farm offers high-quality products with unique taste and characteristics, produced using traditional methods that respect the natural environment and animal welfare. The needs of customers and the attitudes of the farm owners determine the value proposition.



The farm uses five distribution channels. The most important are sales directly from the farm, which account for approximately 60% of the products. The farm has a specially designated room where products are processed and stored in the basement part of the residential building. The temperature in the basement, as well as refrigerators, allows for keeping products fresh for a long time. When customers visit the farm to buy the products, they ring the doorbell and the owner invites them to the room, where the trade takes place. There is no product list, but the refrigerators are glass-walled, so the customer can see the product and choose one. Prices reflect on the products.

The second distribution channel is the delivery of products to individual customers (approx. 20% of sales), especially in the case of large orders, e.g. from a dozen or so to several dozen pieces of cheese.

The third distributional channel is delivery to local schools and hospitals (totalling approximately 10% of sales). Through personal contacts with the principals of these facilities, Mrs. Hanna delivers her products to the employees of these facilities. A list of prospective customers accompanies the assortment. Then the principal or another person calls the farmer with an order, and delivery takes place within one or two days.

The fourth distributional channel involves deliveries to a hotel located on a lake near the village where the farm is situated (approximately 5% of sales). There is a poster with the offer at the hotel reception. Some guests place orders at the reception, then a hotel employee calls Mrs. Hanna to deliver the order. Delivery usually takes place the same or the next day.

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Figure 1 - Business Model Canvas

Source: Author construct based on data from the interview with farmer and its family

<b>Key Partners</b>  Municipality of Chrzypsko Wielkie Agricultural advisors Agricultural Chamber Supplier of fertilisers and pesiticides Grain processor	<b>Key Activities</b> - Crop production – for sale and feed for cattle - Production of milk - Farm processing of milk into farm-made products - Farm's products sale  <b>Key Resources</b>  - Land - Fixed capital (machinery, tools) - Farm milk processing facility - Human resources (family labour) - The farmer and her know-how and invention	<b>Value Propositions</b>  Farm from Chrzypsko Małe delivers high quality products with unique taste and characteristics, produced by traditional production methods with the respect to natural environment and animal welfare.	<b>Customer Relationships</b>  -Farmer does not create a specific sales strategy for each customer segment -Direct contact when customers shop at the farm -Interaction on social media -Currently focused on customer retention  <b>Channels</b>  Grain sold to processors (80% of total production) Grain (20%) and corn (100%) used for fodder Milk processing on a farm (90%), of which: -sale directly from a farm (60%) -delivery to individual clients (20%) -Local school (5%), local hospital (5%) -Hotel (5%) -Events (5%) Eggs sold directly from a farm (80%) Communication with customers: -Direct contact between the customer and the farmer and her family -Telephone contacts -Participation in events -Contact with a director of school and hospital -Membership in Agricultural Chamber	<b>Customer Segments</b>  <u>Frequency:</u> Regular (50%) Non – regular (50%)  <u>Residential status:</u> Local residents (40%) Seasonal, summer inhabitants of the village (20%) Tourists (25%) Employees of school and hospital (10%) Hotel guests (5%)
<b>Cost Structure</b>  Crop production – 65%, including: -grain for sale – 40% -grain for fodder and corn >20% -others <5% Cost of milk production >30% Cost of eggs production <5% Other SFSCs costs, e.g. sales, customer relations			<b>Revenue Streams</b>  Sale of grain to the processor (80% of grain production) Sale of processed products to individual clients (80%) Sale of processed products to the school and hospital (10%) Sale of processed products to the hotel (5%) Sale of processed products via events (5%) CAP agricultural subsidies	

The last distribution channel is local events (approx. 5% of sales). Several times a year, the Chrzypsko Wielkie community organises festivals and fairs on the beach of the nearby lake. Residents as well as tourists attend these events. The farmer sets up a small stand and sells the farm's products during these events. These festivals and fairs also provide an opportunity to promote the farm's products to the audience from the region, as well as those coming from other regions.

Generally, the farm's customers consist of two groups, namely regular customers (who constitute about 50%) and the other half, consisting of non-regular customers. Regular customers are primarily residents of villages and nearby towns, within a radius of about 15 to 20 kilometres, who constitute about 40% of all customers. This group also includes summer residents who have recreational plots by the lake (about 20%). Regular customers also include employees of the school and hospital, i.e. institutions to which products are regularly delivered (10%). The remaining customers are mostly tourists visiting the region, sometimes spending their holidays there, or participants in local events, such as festival visitors and hotel guests (30%). Thus, the farm's revenue is usually higher during the summer.

A typical customer is someone who appreciates the quality and taste of traditional products and is seeking something unique from what conventional retail chains offer. As Mrs. Hanna says, *"customers buy from me and often come back to me because they say they appreciate the taste of the cheese. Moreover, the eggs also taste better than those from the supermarkets."* Products offered by the farm are available at an affordable price, comparable to those in retail chains, and sometimes even cheaper, illustrating that the situation with more expensive local and traditional food compared to non-local products, often presented in the media, is not entirely accurate, and there are exceptions.

The reason is that shortening the supply chain decreases the number of intermediaries (who can capture part of the margin) and the farmer gets all the created value. Sometimes in such a situation, the farmer can afford to lower the prices of the product. Most customers also reveal a fondness for traditions and a concern for the natural environment and animal welfare. It is important to these customers that, e.g. eggs come from free-range hens. Also, older customers emphasise that the cheeses they buy remind them of those from their youth, when food was produced less processed and without the use of many artificial additives. The most effective channel for communicating the farm's value proposition is word of mouth and personal contact with customers during farm visits. Mrs. Hanna says: *"For me, the most important thing is to hear that people praise my product. When I ask customers how they found out about my farm, most answer that they came here on the recommendation of another customer. That makes me very happy."* She estimates that about 70% of customers discover the farm's production and proposition in this way. The farm also uses an advertising banner placed near the house on the way to the beach and a nearby bar.

Picture 5 – Banner promoting the farm  
Source: Photo by the author of case study



Another way to communicate the value proposition to customers is by telephone. Customers get the farm number from other people who know the farmer. A way to develop sales is to utilise the personal relationships of the owners with employees of schools, hospitals, and hotels. Occasionally, farm products feature at local events (festivals, fairs). Mrs. Hanna's husband is a member of the Agricultural Chamber. He spreads the word about the farm among other members of the Chamber. According to Mrs. Hanna, "This way we have grown quite a

*large number of regular customers, mainly from the area."* When asked why modern forms of communication, such as the Internet or applications, were not used, Ms. Hanna replied: "*At the moment we have enough orders, we would not be able to process more, we lack the hands and time.*"

During the time of the transaction, when the customer is buying the product, Mrs. Hanna is using personal contact to build relationships with clients. She is trying to establish closer relationships through conversation, sharing her work, and showing the farm and its surroundings. When she knows the customer better, she can even offer coffee or tea to the customer as a way of expanding her network of regular customers and even friends. The farmer does not create a specific sales strategy for each customer segment; she tries to treat everyone in this friendly way.



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