SMARTCHAIN
SMART SOLUTIONS IN SHORT FOOD SUPPLY CHAINS

HOUSE OF THE HUNGARIAN PÁLINKA and THE ASSOCIATION OF THE HUNGARIAN PÁLINKA KNIGHTS

D2.1 Template for description of innovative solutions for Short Food Supply Chains (draft prepa Hungary)

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PU	**Public**	
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RE	**Restricted to a group specified by the consortium**	
CO	**Confidential, only for members of the consortium**	

1. **Title of the case description**

   HOUSE OF THE HUNGARIAN PÁLINKA and THE ASSOCIATION OF THE HUNGARIAN PÁLINKA KNIGHTS

2. **Indicate your role in the Smart Food Supply Chain:**

   individual member of the chain: ☐
   chain operator: ☐
   network operator: ☐
   association: X
   technical, scientific, or management expert: ☐
   advisor: ☐
   policy maker: ☐
   other: trade mark X

3. **Indicate the region (if applicable):** network in Hungary

4. WP2 Cross-reference table

Please indicate with an X in the relevant box of the matrix for which needs and the steps / functions of the supply chain the described innovative solution is applicable

		Individual steps of the SFSC							Short food supply chain as whole						
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
Needs of the consumers (citizens)	food safety														
	food quality														
	trust	X	X	X	X	X	X	X		X		X			
	ethical aspects														
	accessibility														
Needs of the chain actors	fair price														
	increased negotiating power														
	shared use of available resources														
	product development support		X		X			X							
	access to markets and consumers		X		X			X							
	access to infrastructure														

1: Farming

2: Primary production

3: Transport

4: Processing and packaging

5: Storage

6: Logistics

7: Sale

8: Product integrity, authenticity, transparency

9: Marketing concepts

10: Food chain management and networking for enhancing cooperation among chain actors

11: Business modelling

12: Policy environment

13: Legal requirements

14: Labelling

5. Short description of the innovative solution

- **Describe the specific need or problem being addressed by the case and please explain what is the novelty of this innovative solution**

  It is a long way, which has leaded to the statement today of the Pálinka consumption in Hungary. The Pálinka consumption has a long-standing tradition, variety of types in several quality was produced, that's why the recommendations in the definition of "Pálinka", regulation and the legislation was needed. The established **Association of the Hungarian Pálinka Knights** and the idea of the **Hungarian Pálinka Houses** is based on the Hungarian "Pálinka-low", it promotes the manufacturing, the promotion, the good habits in the consumption, the gastronomy and the knowledge in the connection of the Pálinka and Pálinka consumption.

- **Describe the enabling function(s) and the practical benefit(s) - (e.g. for which types of problems and opportunities is used and can it be used, and how)**

  The idea "House of the Hungarian Pálinka" was established by the company © 2009 Szicsek Kft. The idea is about all masters of the Hungarian Pálinka, about the brandy, the tasty fruit, about the meaning of the Pálinka on the table. The house is a symbol of bringing together the Pálinka industry, it's a cultural center. On the shelves beside the products of the famous Hungarian Pálinka manufacturers all Pálinka products are presented, which number will hopefully grow. The business constantly monitors the changes in the Pálinka manufacturing, so it will always be able to present the Hungarian Pálinka brand.

- **Describe the method/procedure/technology/solution implemented. (Please explain, whether the innovative method is a product / service / process / marketing or organizational / management innovation) After completing the description, please indicate, whether this innovation is a technological or non-technological one.**

The House of the Hungarian Pálinka raises the brand of the Pálinka as an elegant downtown specialty. This are the places in 6 city centers, where every customer is welcomed, where the sellers are specialist in the manufacturing, can answer and advise to the questions in the connection of the Pálinka.
With this they also perform a noble mission aimed to familiarize the Hungarian Pálinka with the promotion of the cultivated Pálinka consumption.

Association of the Hungarian Pálinka Knights was established in 2004 with the aim to familiarize the high quality Hungarian Pálinka with the world. The association organizes events and promotes. It promotes the gastronomy of Hungary, the production, the market, the fame of the Pálinka, popularize the good habits in alcohol consumption. The association promotes the thousand years traditions of the Pálinka manufacturing of Hungary and the "feeling" of the cultured Pálinka consumption.

technological ☐ non-technological ☒









1. Figure: The House of the Hungarian Pálinka and the winner Top Excellent Pálinka in 2019.

- **Describe the business, which implemented the innovated solution (size, country, region, location, type of food)**

The House of the Hungarian Pálinka is in 5 towns and 1 in Budapest available, where the huge number of high-quality Pálinka in several types are for purchase.

Anyone, who is over the age 18, has clean criminal records, accepts the goal of the association, is approved by the association and regularly pays the membership fee can be the member of the **Association of the Hungarian Pálinka Knights in Hungary.**

- **Describe the distribution channels of the product(s)**

  - A Magyar Pálinka Háza – Budapest, H-1088 Budapest, Rákóczi út 17.
  - A Magyar Pálinka Háza – Szolnok, H-5000 Szolnok, Szapáry út 20.
  - Magyar Pálinka Háza – Szeged, H-6720 Szeged, Zrínyi út 2.
  - Magyar Pálinka Háza – Kecskemét, H-6000 Kecskemét, Petőfi út 1.
  - A Magyar Pálinka Háza – Gyula, H-5700 Gyula, Kossuth Lajos tér 2.
  - A Magyar Pálinka Háza – Szicsek Kft., H-5461 Tiszaföldvár, Ókincsem III. keresztút

- **Describe what makes the innovation work.**
  - awareness and education of the Hungarian Pálinka consumer habits
  - promote of the good habits in the Hungarian high-quality Pálinka consumption
  - promote the Hungarian thousand-year traditions
  - provides collaboration in the Pálinka sector
  - tourism, culture, gastronomy is connected

- **Describe the specific prerequisites for the business related to the implementation of the method and/or related to the location, method, procedure, solution**

a: List the relevant necessary resources (including the estimated cost) for the specific innovation.
Please list the relevant ones only (list is annexed)

MATERIALS:

- Institution
- Resources
- Row material for the producing

FINANCIAL

- **House of the Hungarian Pálinka**: investments and operating costs
- **Association of the Hungarian Pálinka Knights:** membership fee

b: List the relevant necessary capabilities for the specific innovation.
Please list the relevant ones only (list is annexed)

FOOD QUALITY:

- high quality of Pálinka

MANAGEMENT:

- It's a marketing method to promote quality products

- **The method/technology was established by**

  NAME OF THE COMPANY: © 2009 Szicsek Kft.
  ADDRESS: 1088 Budapest, Rákóczi út 17.

  NAME OF THE INSTITUTION: Magyar Pálinka Háza

6. **Describe the results, achievements and typical failures**

   Due the collaboration of the association socially and economically development is achieved in the Pálinka manufacturing.

7. **Summarize what makes the case to a good practice for the members of the SFSCs (e.g. lessons learned)**
   The value and the culture of the region is promoted. The local Pálinka manufacturer and a palinka consumption are supported.

8. **Aspects, methods for transfer of methods for other SFSC members**
   The system is applicable in the food industry for each product category.

9. **Recommendations for members of other SFSCs for further applications**
   The method can be offered for each entrepreneur, who wants to sell the products distinguished from the other ones in the market.

10. **More information is available at (web), if it is relevant**

    https://www.magyarpalinkahaza.hu/

Annex

1. Checklist for necessary resources (tangible and non-tangible):

- materials (access to: raw materials/ ingredients - including volume, land – including size, packaging materials
- human: labour force: size, knowledge & skills (production, technical, marketing, managerial, ICT, financial, etc.)
- technology: patents, know-how, trademarks, copyrights, trade secrets
- infrastructure, equipment, facilities, - size, minimum volume of production/sales, IT infrastructure
- information, reputation, brand, trust
- financial*

  *: estimated cost:

  0 - 10 000 Eur
  10 001 - 50 000 Eur
  50 001 - 100 000 Eur
  100 001 - 300 000 Eur
  300 001 – 1 000 000 Eur
  1 000 000 Eur above –

- other specific necessary resources for the application of the specific innovation

2. Checklist for the necessary capabilities

- **food safety:**
  - basic skills to comply with the EU food safety regulations
  - ability to understand what makes the product safe (the key controls, which ensure the safety of the product – biological, chemical and physical hazards, providing the safety shelf life of perishable products)
  - food safety culture (motivation, responsibility for food safety) and basic skills for the implementation of HACCP

- **food quality:**
  - ability to define the target segments of consumers for SFSCs
  - ability to define the product characteristics which are (tacit) basic requirements for the target segment(s) of consumers;
  - ability to define which product attributes/levels and augmented services represent an added value for the target segments of consumers;
  - food quality culture (motivation, responsibility for food quality);
  - production experiences which help to provide the expected quality reliably, uniformly;
  - ability to provide distinguishable quality which meets the needs of the targeted consumer segment;
  - meeting (local) legal requirements, application of the labelling rules;
  - ability to access the consumer willingness to pay for specific products of SFSCs.

- **trust:**
  - ability to ensure product integrity, authenticity and transparent information for the consumers (including systems, tools);
  - ability to access external trust enhancers (third party certification, internal certification system, participatory guarantee systems);
  - application of the labelling rules and branding (mandatory and voluntary);
  - ability to meet third party certification requirements

- **ethical aspects**
  - ability to understand consumer needs for ethical behaviour related to the specific product(s) of the SFSCs;
  - culture for ethical food production and supply;
  - ability to implement necessary measures to ensure ethical food production and supply;
  - ability to access the consumer willingness to pay for products meeting ethical aspects

- **accessibility to consumers:**
  - ability to organize logistics efficiently and to exploit innovative solutions and distribution channels;
  - efficient, innovative sales methods;

	- ability to develop and implement new business models for ensuring access of consumers to products and augmented services;
• **fair price:**	- collecting marketing information; - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management; - ability to define, develop or maintain unique quality of products and augmented services; - ability to develop and implement new business models; - ability to access the consumer willingness to pay for fair price
• **increased negotiation power:**	- collecting marketing information; - ability to enhance and maintain cooperation among chain actors including the combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture; - ability to define. develop or maintain unique quality of products and augmented services; - ability to develop and implement new business models;
• **shared use of available resources:**	- ability to enhance and maintain cooperation among chain actors including the shared and combined use of available complementary resources, capabilities, competences of SFSCs actors, networking, understanding the principles of food value chain management, cooperation culture; - the level of value chain management culture; - ability to access the consumer willingness to pay for food with reduced environmental impacts

- **input for R+D:**
  - ability to monitor, research, evaluate, and understand the needs and wants of customers and consumers;
  - ability to develop new products, processes, packaging, preservation techniques, systems and access to new markets, including in other categories;
  - access to innovative technologies; distribution and marketing solutions and methods. management systems;
  - access to local input for R+D covered by other aspects

- **access to markets: and market success**
  - effective promotion, customer service, efficient and innovative sales methods;
  - ability to understand consumer's needs;
  - ability to organise logistics efficiently and to exploit innovative solutions and distribution channels,
  - unique value propositions;
  - ability to develop and implement new business models for ensuring access of consumers to products and augmented services, develop the market accessibility for the suppliers.
  - stock control;
  - ability to access to required raw materials within a restricted geographical area

- **access to infrastructure:**
  - ability to use existing own infrastructure in a focused way to serve consumer needs or to combine it with complementary infrastructures of other SFSC actors, cooperation culture;

- **management:**
  - to implement management systems for vision, planning, implementing), coordinating, controlling, monitoring, continuously;
  - improving; ability to motivate, authorize staff;

- **production, processing:**
  - management system, production experience, specific controlling, monitoring, continuously;
  - willingness to consider and ability to evaluate the adoption of TECI and NTI in the current production processes;
  - any additional specific resources necessary for the application of the specific innovation.